



**SCOTTSDALE AIRPORT ADVISORY COMMISSION**  
**Public Meeting**  
**Wednesday, January 14, 2004 at 6:00 p.m.**  
**Airport Administration Conference Room, 2<sup>nd</sup> Floor**  
**15000 N. Airport Drive, Scottsdale, AZ**



Donald Maxwell, Chairman

Leonard Tinnan, Vice Chairman  
Philip Vickers  
Fred Madanick

Bill Mack  
Tom Guilfooy  
Mike Osborne

Notice is hereby given to the members of the Scottsdale Airport Advisory Commission and to the general public that the Scottsdale Airport Advisory Commission will hold its regular meeting open to the public at 6:00 p.m. on Wednesday, January 14, 2004. The meeting will be held at 15000 N. Airport Drive in the 2<sup>nd</sup> Floor Airport Administration Conference Room

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Airport Administration office at (480) 312-2321. Requests should be made as early as possible to allow time to arrange accommodation.

## **AGENDA**

### **CALL TO ORDER**

### **ROLL CALL**

### **MINUTES**

1. **Action**  
Approval of the Minutes of the November 19, 2003 City Council Subcommittee on Regional Aviation Issues and Scottsdale Airport Advisory Commission Joint Meeting.
2. **Action**  
Approval of the Minutes of the November 19, 2003 Regular Meeting.

### **PUBLIC COMMENT**

Citizens may complete one "Citizen Voice" comment card per meeting and submit it to an Aviation Staff member before or during this meeting in order to address the Commission on any agenda item or during Public Comment time. The Public Comment time is reserved for citizen comments regarding non-agenda items, therefore, no official Airport Advisory Commission action or discussion can be taken.

### **AERONAUTICAL BUSINESS PERMIT(S)**

3. **Information**  
Aeronautical Business Permit Additions, Cancellations, or Revocations.

### **GENERAL BUSINESS**

4. **Action**  
Pursuant to Bylaws of the Scottsdale Airport Advisory Commission, No. 101, the Commission shall, in regular session following the first day of January of every year, elect from its members a Chairman and Vice Chairman. The term of office shall be one year and no officer shall succeed him or herself more than once.
5. **Information**  
Review Bylaws of the Scottsdale Airport Advisory Commission for possible amendments.

6.     **Action**  
Consider recommendation to AUTHORIZE Contract No. 2003-184-COS, a lease agreement between the City of Scottsdale and Carl Salsman Aviation, Inc. for commercial office space in the Aviation Business Center.
7.     **Action**  
Consider recommendation to AUTHORIZE Contract No. 2004-012-COS, a lease agreement between the City of Scottsdale and Arizona Scottsdale Network Airpark (AzSnap) for commercial office space in the Aviation Business Center.
8.     **Action**  
Consider recommendation to AUTHORIZE Contract No. 860912A-3, a lease amendment between the City of Scottsdale and the Federal Aviation Administration (FAA) for the Air Traffic Control Tower.
9.     **Information**  
Northwest Blast Fence Issue – Jack Cooper, United Insurance.
10.    **Information**  
Airpark Access Proposed Rule Changes – Paul Olivier, President, SNAPOA.
11.    **Information**  
Airpark Development and Construction Quarterly Update.

## **PILOT/COMMUNITY OUTREACH UPDATE**

12.    **Information**  
November 2003 Noise Report.
13.    **Information**  
December 2003 Noise Report.

## **OPERATIONS UPDATE**

14.    **Information**  
Review of Airport Operations for November 2003.
15.    **Information**  
Review of Airport Operations for December 2003.

## **MEETING SCHEDULE**

16.    **Action**  
Review/Modify Meeting Schedules 2004.

## **PUBLIC COMMENT**

Citizens may complete one "Citizen Voice" comment card per meeting and submit it to an Aviation Staff member before or during this meeting in order to address the Commission on any agenda item or during Public Comment time. The Public Comment time is reserved for citizen comments regarding non-agenda items, therefore, no official Airport Advisory Commission action or discussion can be taken.

## **DIRECTOR'S REPORT**

## **ITEMS FROM THE COMMISSION**

## **ADJOURNMENT**

**COMMISSION ACTION REPORT****TO: Airport Advisory Commission****FROM: Airport Staff****SUBJECT/PROJECT NAME:** Approval of Minutes of the City Council Subcommittee on Regional Aviation Issues and Scottsdale Airport Advisory Commission Joint Meeting of November 19, 2003.**Agenda Item No.:** \_\_\_\_**Meeting Date:** 01/14/04**Staff Contact:** Scott Gray, C.M.**Phone:** (480) 312-7735**ACTION**

Review and approval of the Minutes of the City Council Subcommittee on Regional Aviation Issues and Scottsdale Airport Advisory Commission Joint Meeting of November 19, 2003.

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Scott T. Gray, C.M., C.A.E.  
Aviation Director

Attachment(s): (1) Draft Minutes of the City Council Subcommittee on Regional Aviation Issues and Scottsdale Airport Advisory Commission Joint Meeting of November 19, 2003.

Action  
Taken

**SCOTTSDALE CITY COUNCIL  
SUBCOMMITTEE ON REGIONAL AVIATION ISSUES  
AND SCOTTSDALE AIRPORT ADVISORY COMMISSION  
JOINT MEETING**

**NOVEMBER 19, 2003**

**MINUTES**

**PRESENT:**     **City Council Subcommittee:**  
                  Councilman Wayne Ecton                             Councilman Bob Littlefield

**Airport Advisory Commission:**  
                  Donald Maxwell, Chairman                         Leonard Tinnan, Vice Chairman  
                  Tom Guilfooy   Mike Osborne  
                  Bill Mack   Fred Madanick  
                  Phil Vickers

**STAFF:**       Scott Gray, Aviation Director                     Chris Read, Asst. Aviation Director  
                  Gary Mascaro, Asst. Aviation Director         Matt Johnson, Airport Specialist  
                  Jennifer Lewis, Airport Planner

**OTHER(S):**    Kevin Shirer, HDR Corp.                         Scott Caley, Resident

**CALL TO ORDER**

Meeting called to order at 5:05 p.m.

**ROLL CALL**

A formal roll call confirmed members present as stated above.

**PUBLIC COMMENT**

There were no cards submitted at this point for public comment.

**MINUTES**

1.       Approval of September 17, 2003 Subcommittee Meeting Minutes.

Councilman Ecton made a motion to approve the minutes of the September 17, 2003 meeting. Councilman Littlefield seconded the motion and it passed by a vote of 2-0.

**GENERAL BUSINESS**

2.       Staff presentation on the results of the Aircraft Operating and Monitoring System (AOMS) RFP.

Mr. Gary Mascaro advised the joint meeting that he would be presenting the history and background of the aircraft monitoring system, otherwise known as the flight tracking system, and then turn the presentation over to Ms. Lewis who will provide the results of the RFP and some possible options in funding, and then would be seeking further direction.

Mr. Mascaro added that the flight tracking system is a tool to assist them in their response to citizen inquiries and in their pilot/community outreach efforts. He added that flight tracking systems are a resource used by general aviation, as well as many commercial airports throughout the country to provide an increased level of information.

Mr. Mascaro advised that there was one respondent to the RFP which went out in August 2003, and that was from the Rannoch Corporation, which was the company that provided the Airscene 3D presentation earlier this year which showed examples of the flight tracking system.

Ms. Jennifer Lewis advised that Airscene provides several components that can be mixed and matched to be combined into one system. Ms. Lewis provided details on each of the various components, and advised there are several different ways flight track information can be displayed. Ms. Lewis stated the flight track information collected by Airscene is not reliant on FAA data or radar signals; it is a standalone system with independent centers that provide coverage down to the ground. The system user can filter the information to determine what information is available internally or externally.

Ms. Lewis then provided some detail on Airscene's noise complaint entry system. She stated it is a basic system and fairly easy to understand. The difference between what is collected now versus what Airscene offers is the ability for automatic geo-coding, which allows an address to be mapped on a GIS system. It also allows it to be correlated with data collected from other Airscene system components. Ms. Lewis added there is a website component which allows someone to register their own complaint on the system or research data, however, staff would be able to determine what data they can access. Ms. Lewis added this would also be a feature for pilots, or for potential home buyers to map an address and research historical flight activity in a particular area.

Councilman Ecton questioned if they would have to train citizens who are interested in using the system. Mr. Gray responded that staff would provide instruction how to utilize the system, should one be purchased. He added it is fairly easy to use from the website.

Councilman Littlefield inquired if the system is not reading the FAA radar what is it reading. Mr. Gray responded the system works by using independent sensors that triangulate the location of the aircraft.

Ms. Lewis continued and stated that the noise monitors that are part of the Airscene system could be permanent or portable. However, the permanent monitors require construction and access to utilities. The portable system would be moveable and operate on batteries. Ms. Lewis added the audio portion of the system does record the communications between the pilot and the air traffic controllers and this would be the only way for staff to identify an aircraft operator under visual flight rules.

Ms. Lewis advised some other supplemental components would include weather which allows the weather data to be recorded, and 3D airspace analysis.

Ms. Lewis stated the RFP review committee evaluated the full proposal submitted by Rannoch and they agreed on a basic system, which includes flight tracking, noise complaint entry, website access, and audio recording and playback, which they felt would meet the community's needs.

Councilman Ecton asked if options can be added afterwards. Ms. Lewis responded yes. Mr. Mascaro interjected that they have the ability to decide what options they want depending on the amount they want to spend and whether they would rather phase in other options.

Mr. Mascaro stated the estimated cost of the package suggested by the review committee is \$350,000. He added they currently have budgeted \$60,000 in the Aviation Enterprise Fund for a flight tracking system, and they would have to request capital contingency funding for the difference. Mr. Mascaro stated the full package, which includes noise monitoring, weather tracking, and 3D Airscene increases the cost significantly, mainly due to the noise monitoring option. He added they can find other ways to fund the system, for example reprioritizing some of the aviation projects or reallocating some of the funds. In addition, the quoted costs do not include annual maintenance and utility charges. Mr. Mascaro added that all these details would be worked out if they move forward with the system.

Councilman Ecton stated his question was if they buy the suggested package could they at a later date add the other features. Councilman Ecton said the noise monitoring feature is intriguing, but how good is it and is it valid enough to make an investment in it. Mr. Gray responded that the noise monitoring system

would be similar to any noise monitoring system like Sky Harbor or any of the other airports have. The difference would be whether you choose permanent or portable monitors. Mr. Gray added that typically it is better to pinpoint a location and leave the equipment there so you obtain historical data. The system obtains valid data, the issue is citizens' interpretation of what the data is. Mr. Gray added the advantage of having a noise monitoring system with a flight tracking system is that you can correlate the two pieces of information.

Chairman Maxwell asked if the system is intended to track the complaints coming from other communities such as Cave Creek and Carefree. Mr. Mascaro responded the intent is to set it up for the City of Scottsdale and the Scottsdale Airport area.

Chairman Maxwell asked if the City spends this kind of money for a system, what do they then do with a violation and can the City enforce the violation. Mr. Gray responded that at this time there is no criteria that the City has established that would result in a City violation, other than the existing code, such as low-flying aircraft, because it is not FAA data they could utilize the information and provide the information to the Flight Standards District Office and it would identify the particular aircraft and altitude. Therefore, the actual enforcement mechanism is still the FAA. Mr. Gray added that if the City were to adopt a policy at a later date after going through the appropriate study, such as a Part 161, then it could be enforced.

Chairman Maxwell asked what information a person could get from the system on their home computer. Mr. Gray responded that would be variable and whatever staff wanted it to be. Once a system is chosen the City would issue a policy as to what information would be made available on the website.

Councilman Ecton inquired if those in Cave Creek or Carefree wanted information from our system would we ask them to pay for that particular amenity. Mr. Gray responded that the noise monitors at specific locations are typically are within a mile or so of the airport. Mr. Gray said the six sensors would cover the entire City of Scottsdale. Mr. Gray added if you put a noise monitor somewhere else, such as Carefree or Fountain Hills, generally speaking it is not going to provide the normal noise monitoring data for an airport.

Chairman Maxwell asked if this system is a duplication of the monitors used in the Part 150 Study. Mr. Gray responded no that the Part 150 Study is determining noise levels, noise abatement procedures and land use recommendations – it is not flight tracking.

Councilman Exton inquired if they knew where they plan on putting the noise monitors. Mr. Gray responded they don't know. Chairman Maxwell inquired what they do with them. Mr. Gray responded that if the City Council were to choose to acquire a system, staff would have to look into various City policies if that were the Council's desire, and look at single event levels, but in order to do an enforcement of any sort, you would have to a Part 161 Study. Some communities, before they had to do Part 161 Studies, actually set single event level restrictions at their airports. They used their noise monitoring systems to find out if someone exceeded that. The City of Scottsdale is not prevented from setting its own single event levels, they just cannot enforce it with a penalty.

Vice Chairman Tinnan asked if there was any merit in waiting till the Part 150 Study is complete before they make a decision in proceeding with this. Mr. Gray responded the consideration is the suggested package, which is for flight tracking only. He stated he believes there is a benefit in waiting for the Part 150 to be completed to determine whether or not noise monitors should be installed. There is also the possibility that noise monitoring may be recommended in a Part 150 Study, and if so, it will become grant eligible, whereas, right now they would have to spend their own money. Mr. Gray advised it isn't likely that a flight tracking system would be eligible for funding through the Part 150 process.

Vice Chairman Tinnan stated he is not comfortable that there was only one response to the RFP and why there wasn't a more competition there. He asked what kind of warranty or performance assurance would they provide to the City. Mr. Gray responded that the system the City was primarily interested in was one that was not reliant on radar and FAA data. The problem the City of Scottsdale has at this point is there is no radar coverage to the ground that is certified for use. He added there will be a new radar installed in

the north valley somewhere between 2005-2007. And if it were bid out again as just a flight tracking system with no limitations you would have several vendors bid. Mr. Gray added this is the only vendor that provides something that will utilize their own standalone system and does not use radar data. Therefore, because the language in the RFP stated not to use radar data, there aren't as many vendors (and it appears there is only one) available.

Vice Chairman Tinnan questioned performance assurance when spending that kind of money. Ms. Lewis responded she spoke to several of the users at other airports – some general aviation, some commercial service airports that have the Rannoch system and they all stated that their system and that the company's response is highly recommendable.

Vice Chairman Tinnan asked what benefit have those existing users realized from the system. Do they just have more information, or have they had some usefulness that provides for happier citizens. Ms. Lewis responded that each of the users she spoke with had a primary purpose for their system that was different from other airports. One airport relied upon it for billing information, one for noise information and not all the airports have all the components, only pieces of the package that is presented today. None of the airports use it for enforcement purposes.

Several members of the Commission asked Ms. Lewis how much she would use the system if it were in place. Ms. Lewis responded she would use it a lot based on conversations she has had with pilots, potential home buyers, and noise complainers which would have meant spending three quarters of her day on this system. Ms. Lewis stated in her experience at other airports, Long Beach and San Francisco, those airports relied on this type of information to respond to people wanting to know, who was that airplane, how low was that airplane and the information isn't available any other way. You cannot go to a pilot and ask how high were you over highway such and such, as they are not going to know, and may come ask you how high they actually were and how well did they perform. They would have a resource to go back and check it out.

Mr. Gray added another issue is workload and has to do with the recent web access and they are concerned if they have all the information and the citizens don't have access to it without calling us, we will find ourselves needing numerous people to print reports and mail them out or to return citizen phone calls. He added that many users of this system have found that many citizens go to the website and look for answers to their own questions, and that is their goal.

Chairman Maxwell asked Ms. Lewis what sub division are people interested in that they ask for information, and how many noise complaints have she notified pilots of since she's been here.

Ms. Lewis responded the subdivision at 50<sup>th</sup> and Cholla, and near 101 and Shea. Commissioner Mack stated that was probably near Scottsdale Ranch. Mr. Gray stated they don't send a letter to everyone they get a noise complaint from, however, with system it is possible it may change.

Mr. Gray reiterated that one system package – the suggested package – does not include the noise monitoring feature. It will provide where it was, possibly what it was, and how high it was. The other system, if you add noise monitoring to that package, you could correlate the information to that particular aircraft.

Commissioner Guilfoxy stated the suggested package looks to him like FAA radar in Scottsdale and there is nothing in there except for a realtime component that is different from the BRITE screen in the tower, an airfiltered screen at the TRACON or anything else. He added the information that we are potentially spending \$350,000 for already exists and it just seems like the impediment is getting some sort of agreement with the FAA to have realtime or near realtime data.

Mr. Gray stated the original \$60,000 budget was to purchase the system or tie into the system at Sky Harbor. The problem with that at this point, is the radar is over at Sky Harbor and does not provide us with details below 1500-1600 ft. AGL. He added that it does not provide any adequate data. If new radar were installed several years from now it very well could provide that data to the ground using FAA data.

However, the FAA data, under the current agreement similar to what Sky Harbor has, is delayed three days and it filters some aircraft activity out. The radar at Williams Gateway is not certified and we do not get that data. It is there and it's used for the BRITE scope in the tower but they cannot use it for separation, and it cannot be used in a flight tracking system.

Councilman Ecton asked if they give us tracks from that system. Mr. Gray responded they did ask for information from the Williams Gateway radar during the Part 150 during the time they monitored, so they did get it. Mr. Gray added that that system does not "talk" to the Phoenix system and then it is all combined.

Councilman Littlefield asked if we went to the FAA and we want the tracks for these days, from Williams Gateway radar, will they give it to us. Mr. Gray responded, yes, as they did for their 150. Councilman Littlefield asked what the cost is for the information. Ms. Lewis responded the charge is \$150 per hour for staff time. Councilman asked what they got and what they paid for the last data they requested. Ms. Lewis responded they asked for a week's worth of data, it took them a day and a half to put it together, and it was given to them with the warning that additional requests will be charged \$150 an hour to compile the data. Therefore \$1800 for a week's data. Mr. Mascaro interjected that they were advised that if they continue to ask for data on a routine basis, they would need to sign a long term letter of agreement at the federal level and pay the associated maintenance costs.

Mr. Gray stated the issue right now is the radar data they have available is not certified. When the new radar is installed at Central and Union Hills the \$60,000 that had been budgeted could be used to tap into the Phoenix system that would have actual certified radar data. Commissioner Guilfoxy inquired what the impact of uncertified data was on something that is unenforceable. Mr. Gray responded uncertified radar only means they cannot use it for radar separation. Mr. Gray added they have asked just to have a feed from the tower to use the BRITE scope and they were denied that activity. Mr. Gray added that the only enforcement efforts that could be done would be to any of the existing noise abatement procedures. They could establish other procedures, but there could not be a penalty.

Commissioner Madanick inquired what they do about the operator who left Scottsdale Airport at twenty minutes to five on Monday morning and woke up an entire neighborhood. Mr. Gray responded they send those particular individuals a letter. Commissioner Madanick asked what good does that do. Mr. Gray responded that in some cases the pilots respond that they were unaware of the voluntary curfew program. They have since had conversations with the FBO's to ensure they are telling pilots that a voluntary curfew is in place. Some pilots, however, operate during those hours depending on what the activity is, typically most of those are emergency medical activities and are required to take off when necessary.

Commissioner Vickers inquired what type of written warranty will Rannoch furnish that the system will operate as represented. He also inquired what are the estimated annual maintenance costs and the increased operating costs that staff may incur. Mr. Mascaro responded they have not yet gone into detail regarding that information, however, they do have copies of examples of maintenance agreements and operating agreements. They have not negotiated any contract or presented any of their questions as they are still in the preliminary stages. Mr. Mascaro advised they did not want to waste anyone's time or effort by having those discussions until they get direction. Commissioner Vickers inquired how they can consider a capital investment without knowing the long-term operating costs that would affect the annual operating budget on an annual basis. Mr. Mascaro responded that at this point they are just looking for direction whether to move forward with it to the City Council with all that additional information.

Councilman Ecton inquired what does it state in the sample agreements. Mr. Mascaro responded the annual maintenance costs are estimated between \$60,000-\$70,000 per year and that does not include the noise monitoring. Ms. Lewis added that the estimated utility charges are \$5,000 a year. Councilman Ecton stated they could add another employee for that amount each year, and Mr. Gray responded they may still have to do that anyway.



Commissioner Mack asked if the public can interact with the system on the internet, and if so what reaction can they have coming back to the City. Mr. Gray responded the public can interact with the system and the information provided to the public is generally the flight track of the aircraft and the altitude. Commissioner Mack was concerned that similar to when the noise complaint system was added to the website they were buried in noise complaints with every accessing the system. Mr. Gray stated they hope there will be enough information provided on the website that staff will not be overloaded with inquiries for information.

Commissioner Mack asked what the percentage of users might be from Scottsdale versus those in outlying areas. Mr. Gray responded that approximately 60 percent might be from Scottsdale. Mr. Gray added that anyone with a computer can see the information, however, the noise complaint system will be unchanged.

Commissioner Guilfoxy asked if he could enter his address into the system and the system would give him information so he could view flight tracks over his house. Mr. Gray responded that could be done in either realtime, delayed or whatever timeframe the City would desire to program in. Typically, they would probably use a 5-15 minutes delay. Chairman Maxwell inquired if an aircraft can block their identity. Mr. Gray responded that the transponder in S-mode, which is most of the business jets, has a lot of information that would be provided to the system. However, it would be up to the City to determine what information it would provide to the citizens, for example providing the N number is irrelevant.

Councilman Ecton requested to review the slide concerning alternative data sources. He stated FAA TRACON data, the current data that does not go down to the ground in Scottsdale – what do we pay for that. Mr. Gray stated they will now charge us \$150. He then questioned how much the passive radar subscription costs. Mr. Mascaro responded that's one of those priority companies where a bid is put out and they filter it as well. He then asked about the Phoenix Sky Harbor Noise Management System – and could they connect into that and what would it cost. Mr. Gray responded that was the \$60,000 that they already have budgeted but it only uses the radar at Phoenix. Councilman asked when the new radar goes in up at Central and Union Hills TRACON will now have radar coverage down to the ground in Scottsdale and he would like to know if they wait for that what would that cost. Mr. Gray responded it would depend upon whether or not there are any additional needs Phoenix has to do to get the data to Scottsdale. Currently they are estimating to tap into their system would cost \$60,000, however, a couple of years from now it may cost more.

Vice Chairman Tinnan asked if they knew the percentage of operations of IFR vs. VFR, in other words, what part of the total population would they cover with the flight tracking system. Mr. Gray responded approximately 60 percent.

Councilman Ecton made a motion to not forward a flight tracking system to the full Council. Councilman Littlefield seconded the motion. Vote was unanimous 2-0.

Commissioner Osborne made a motion to forward to City Council. Commissioner Vickers seconded the motion. The motion failed by a vote of 5-2 (Commissioners Osborne and Vickers.)

## **PUBLIC COMMENT**

Dr. Scott Calev commented on the VOR approach over his home. He requested that it be moved. Mr. Gray provided a brief explanation on the location and history. Dr. Calev expressed his appreciation for the explanation.

It was decided to cancel the December meeting. The next meeting will be January 21, 2004.

## **ADJOURNMENT**

The meeting was adjourned at 6:30 p.m.



**SCOTTSDALE AIRPORT ADVISORY COMMISSION  
VIA LINDA CENTER, 10440 E. VIA LINDA, SCOTTSDALE, AZ**

**NOVEMBER 19, 2003  
REGULAR MEETING**

**MINUTES**

<b>PRESENT:</b>	Donald Maxwell, Chairman Tom Guilfooy Bill Mack Phil Vickers	Leonard Tinnan, Vice Chairman Mike Osborne Fred Madanick
<b>STAFF:</b>	Scott Gray, Aviation Director Gary Mascaro, Asst. Aviation Director Jennifer Lewis, Airport Planner	Chris Read, Asst. Aviation Director Matt Johnson, Airport Specialist
<b>OTHER(S):</b>	John Frevola, Corporate Jets, Inc. Craig Stahl, Pragmatic Aviation Sean McCarthy, The Arizona Republic	Terry Williamson, James Warren William Smith, Smith Aircraft Services, Inc.

**CALL TO ORDER**

Chairman Maxwell called the meeting to order at 6:45 p.m.

**ROLL CALL**

A formal roll call confirmed members present as stated above.

**APPROVAL OF MINUTES**

**Item 1 - Action**

Approval of the Minutes of the October 8, 2003 meeting.

Vice Chairman Tinnan made a motion to approve the minutes of the October 8, 2003 meeting. Commissioner Vickers noted on page 6, continuation of item 13, paragraph 5, at the bottom it states, "Commissioner Vickers suggested the Commission could bring this issue to the Security Task Force and let them get back to the Commission. Commissioner Madanick agreed..." Commissioner Vickers stated he believed it was Chairman Maxwell who made that recommendation, and to the best of his knowledge, he didn't make it. Chairman Maxwell responded that Commissioner Vickers was correct and the minutes would be amended accordingly. Vice Chairman Tinnan made a motion to approve the minutes as corrected. Commissioner Vickers seconded the motion and the minutes were approved by a vote of 7-0.

**PUBLIC COMMENT**

There were no cards submitted at this point for public comment.

Mr. Gray asked a favor of the Commission to ensure that all members signify their vote when the minutes are recorded, as sometimes they can't tell when everybody says "Aye" they don't hear them, or if they would like to do a show of hands that would be easier. Chairman Maxwell said they would do a show of hands.

## **AERONAUTICAL BUSINESS PERMIT(S)**

### **Item 2 – Action**

Ratification of Airpark Aeronautical Business Permit for James Warren to provide hangar/shade leasing in the airpark. (This item was tabled from the August 27, 2003 meeting and the October 8, 2003 meeting.)

Mr. Matt Johnson advised the Commission that James Warren has provided the appropriate documentation as required in the Airpark Minimum Operating Standards. In addition, this is an existing hangar facility, and the five-percent fee is anticipated to generate an additional \$900 in annual revenue to the Airport Enterprise Fund. Ms. Terry Williamson, an authorized representative of James Warren, was present at the meeting to answer any questions from the Commission. There were no questions from the Commission.

Vice Chairman Tinnan made a motion to approve ratification of the airpark Aeronautical Business Permit for James Warren. Commissioner Osborne seconded the motion. Chairman Maxwell inquired if there was any discussion on this item.

Commissioner Vickers advised the Commission he is abstaining from the vote on the permit approval process based on the fact that he does not believe they do enough background checks on the individuals, yet they have complied with the Airport Rules and Regulations.

The item was passed by a vote of 6-0, with Commissioner Vickers abstaining.

### **Item 3 – Action**

Ratification of Airport Aeronautical Business Permit for Smith Aircraft Services, Inc. to provide mobile aircraft maintenance and repair services at Scottsdale Airport.

Mr. Johnson advised the Commission that Smith Aircraft Services, Inc. has provided the appropriate documentation as required in the Airport Minimum Operating Standards, and the insurance requirements, naming the City of Scottsdale as additional insured, have been met. This action is not anticipated to result in additional tiedown area demand, and the associated permit fees are anticipated to generate approximately \$1,200 in annual revenue to the Aviation Enterprise Fund. Mr. Johnson informed the Commission that Mr. William Smith, owner of Smith Aircraft Services, Inc. was present at the meeting to respond to any questions from the Commission.

Commissioner Madanick asked how many people would be working for Smith Aircraft Services, Inc. Mr. Smith responded only one. Commissioner Madanick inquired what Mr. Smith knew of this person. Mr. Smith responded he has been in his hangar at Deer Valley Airport for many years, they fly the same airplane, and they have been friends for many, many years. Commissioner Madanick inquired if the person had a criminal background. Mr. Smith responded no, and that the person is retired and that's why he has him.

Commissioner Mack inquired if Mr. Smith held an FAA license and had his background check done by the FAA. Mr. Smith responded yes. Commissioner Mack said that was all he needed to know.

Commissioner Mack made a motion to approve Ratification of Airport Aeronautical Business Permit for Smith Aircraft Services, Inc. to provide mobile aircraft maintenance and repair services at Scottsdale Airport. Commissioner Madanick seconded the motion. The item was passed by a vote of 6-0, with Commissioner Vickers abstaining.

Vice Chairman Tinnan inquired how many others do they have providing maintenance and repair services at the airport. Mr. Johnson responded they have five. Mr. Gray interjected that mobile maintenance operators are only allowed to work on based piston-engine aircraft. Therefore, if you are other than mobile, you are one of the other facilities, such as Corporate Jets.

Commissioner Madanick inquired what type of aircraft Mr. Smith would be working on. Mr. Smith responded he works on all piston aircraft up to 10,000 pounds.

Chairman Maxwell asked if they were ready for a vote. Hands were raised, and vote was repeated as stated above.

**Item 4 – Action**

Ratification of Airpark Aeronautical Business Permit for Pragmatic Aviation, L.L.C. to provide hangar/shade leasing services in the Scottsdale Airpark.

Mr. Johnson advised the Commission that Pragmatic Aviation has provided the appropriate documentation as required in the Airpark Minimum Operating Standards. He added this is an existing facility in the Airpark, and the five-percent fee is anticipated to generate an additional \$1,620 in annual revenue to the Aviation Enterprise Fund. Mr. Johnson informed the Commission that Mr. Craig Stahl, manager of Pragmatic Aviation, L.L.C. was present to answer any questions from the Commission.

Commissioner Mack made a motion to approve ratification of the Airpark Aeronautical Business Permit for Pragmatic Aviation, L.L.C. to provide hangar/shade leasing services in the Scottsdale Airpark. Vice Chairman Tinnan seconded the motion and the item was passed by a vote of 6-0, with Commissioner Vickers abstaining.

**Item 5 – Information**

Aeronautical Business Permit Additions, Cancellations, or Revocations.

Mr. Johnson advised the Commission that a current tenant list has been provided to the Commission that includes those permits, which were approved at the last meeting. He asked if there were any questions from the Commission. There were no questions or comments on this item.

**GENERAL BUSINESS**

**Item 6 – Action**

Consider recommendation to ADOPT Resolution No. 6398 and AUTHORIZE Contract No. 2003-174-COS, a lease agreement between the City of Scottsdale and Grand Canyon Airlines, Inc. for commercial office and counter space in the Airport Terminal Building.

Mr. Gary Mascaro stated that Grand Canyon Airlines is a scenic on-demand charter company that has been based at Scottsdale Airport in the terminal building for about a year. They were under a license agreement, which is a 30-day agreement with up to one-year, however, they are interested in a long-term deal now and negotiated with staff for a two-year lease with three one-year options. Mr. Mascaro added that Grand Canyon Airlines is doing well and would like to stay here. Staff worked with the City Attorney's office to draft up the lease agreement and the Commission has been provided with a copy in their packets.

Vice Chairman Tinnan had a question regarding the statement in the lease cover letter that the new base rent is anticipated to generate \$6,497, and was this an increase from the previous year. Mr. Mascaro responded there was no increase and it was the same base rent that they have been paying. However, it is a different type of rent as the license agreement is not legally considered rent, therefore it is the same deal, but if we don't approve this lease they will go away and then they won't have the rent. Vice Chairman Tinnan asked if the rate would be the same for each of the two-years. Mr. Mascaro responded it would, but after the two-years there is the CPI escalation if they concur.

Commissioner Vickers stated he would vote against this particular lease agreement because it does not contain an alternative dispute resolution clause, and contrary to the statement made by the assistant attorney, Mr. Paul Norman, who indicated in the minutes of the September meeting that the City had collected in excess of \$200,000 in legal fees pursuant to the attorney's fees provision, he did further investigation and the legal requirement of the attorney and the City's Financial Services said in the past five years the City of Scottsdale has only collected \$1,000 in court awarded attorney fees. However, the

City of Scottsdale, due to the attorneys fees provision court award of attorney's fees, the City of Scottsdale has had to pay out over \$150,000. Commissioner Vickers stated he does not believe this could be a good provision for our City contracts and they should have alternative dispute clauses and therefore he will vote against it.

Vice Chairman Tinnan stated his understanding is this is a standard lease from and there is merit in Commissioner Vickers comment, however, he does not think they have an opportunity to amend it unless they consider going forward to the City Council and the City Attorney's Office with a recommendation.

Commissioner Mack made a recommendation to ADOPT Resolution No. 6398 AUTHORIZING Contract No. 2003-174-COS, a lease agreement between the City of Scottsdale and Grand Canyon Airlines, Inc. for commercial office and counter space in the airport Terminal Building. Vice Chairman seconded the motion and it passed by a vote of 6-1, with Commissioner Vickers objecting.

#### **Item 7 – Action**

Consider recommendation to ADOPT Resolution No. 6393 and AUTHORIZE Amendment to lease agreement between the City of Scottsdale and Southwest Flight Center regarding relocation within the Aviation Business Center.

Mr. Mascaro advised the Commission that Southwest Flight Center currently occupies two offices in the Aviation Business Center and they wish to vacate one of their offices, Suite 109, and relocate to the currently vacant Suite 101. This move would generate additional revenue of \$6,800 per year for the larger Suite 101. He added they have an Aeronautical Business Permit and have been working at this airport for over 25 years.

Commissioner Guilfooy inquired if there were any tenant improvements related to the move. Mr. Mascaro responded that at this time they did not specify any tenant improvements. Vice Chairman Tinnan asked if the base rent is based upon square footage. Mr. Mascaro responded that was correct. Vice Chairman Tinnan asked if all the tenants pay the same per square footage. Mr. Mascaro responded no, and that it varies depending on the time the tenant's lease was established, market value, and the bid process. Vice Chairman Tinnan inquired if the per square foot fee is a new standard that will apply to any extensions or new leases. Mr. Mascaro responded that with this lease agreement, this fee is the new current market rate of \$20 per square foot. Mr. Gray added if they have an existing lease agreement, they may be paying a different fee because at the time the lease was signed the fee was different and it is escalated based on CPI. However, if someone comes in now and asks for new office space, they will get this rate up until a point where the rate is changed based upon the economy.

Commissioner Mack made a recommendation to ADOPT Resolution No. 6393 and AUTHORIZE the amendment to lease agreement between the City of Scottsdale and Southwest Flight Center regarding relocation within the Aviation Business Center. Vice Chairman Tinnan seconded the motion and it passed by a vote of 7-0.

#### **Item 8 – Action**

Consider recommendation to ADOPT Resolution No. 6410 and AUTHORIZE Intergovernmental Agreement No. 2003-186-COS with the Arizona Department of Transportation (ADOT) accepting a grant for \$225,000 for security improvements.

Mr. Chris Read provided the Commission with a summary of the key points on how funding from this grant will be used to design and construct security projects such as fencing, gates and surveillance equipment. The grant will cover 90 percent of the cost of the security improvements and the Aviation Division will be required to match the remaining 10 percent. The cost to the Aviation Enterprise Fund will be \$22,500. Mr. Read added that Aviation staff will consult with the TSA on these improvements, and all the projects must be approved before the funds are expended.

Commissioner Mack made a recommendation to ADOPT Resolution No. 6410 and AUTHORIZE Intergovernmental Agreement No. 2003-186-COS with the Arizona Department of Transportation (ADOT)

accepting a grant for \$225,000 for security improvements. Commissioner Guilfooy seconded the motion and it passed by a vote of 7-0.

**Item 9 – Action**

Consider recommendation to approve the proposed Five-Year Aviation Capital Improvement Program.

Mr. Mascaro advised the Commission there have been no changes since last month when this item was brought to the Commission as an informational item. He added this is a recommendation that will go to the City Council, however it will need to go to the City Manager first with her recommendation as noted.

[Commissioner Vickers left the meeting at 7:05 p.m.; Vice Chairman Tinnan left the meeting at 7:06 p.m.]

Vice Chairman Tinnan made a motion to recommending approval of the proposed Five-Year Aviation Capital Improvement Program. Commissioner Mack seconded the motion and it passed by a vote of 6-0.

**PILOT/COMMUNITY OUTREACH UPDATE**

**Item 10 – Information**

October 2003 Noise Report.

Ms. Jennifer Lewis advised the Commission that the total noise complaints in October were up a little bit from September and the total complaints reached 547. However, the total increase was at the regional complaints level and the local complaints actually went down by 55. Ms. Lewis added there were 14 proactive pilot briefings and four pilot pledges were received. In addition, they returned 32 noise calls, 78 pilot enforcement letters, and over 1,000 information packets were sent out the majority included the initiation brochures for the Part 150 Study. Ms. Lewis informed the Commission there were also 3 real estate briefings conducted, and 8 development proposals reviewed for noise program compliance.

Ms. Lewis advised the Commission that the first Part 150 public workshop was held on October 30<sup>th</sup> and there were less than 10 members of the public in attendance. Representatives from the FAA, some community supporters, Airport staff, City staff and two Airport Commissioners also attended.

Ms. Lewis briefed the Commission on additional outreach efforts and noted that some positive remarks that were included in the noise complaint database. Ms. Lewis added they have now established a method of tracking positive comments and those numbers can also be provided to the Commission. She added they made a revision to some of the language in the Pilot Pledge and the new version has been provided to the Commission. Ms. Lewis said an electronic version of the Pilot Pledge is now being reviewed by CAPA for posting on the website so pilots can view and sign it electronically. This should be ready by Monday. Ms. Lewis added the title of the Pilot Noise Abatement Pledge has been changed to "Good Neighbor Pledge," and they added a direct statement at the bottom that it was not legally binding.

Ms. Lewis stated another outreach effort was conducted in response to realtor inquiries. There was an article drafted for both the Scottsdale and Phoenix Realtor magazines and the articles will be published in December or January. The article addresses what information realtors and potential homebuyers can get and encourages them to contact the Airport in advance of a final purchase.

Ms. Lewis responded to and participated in additional discussion with the Commission regarding the pilot pledge language and information requested on the form, and regarding the noise correspondence that was sent out in the month of October. Commissioner Madanick suggested the correspondence should also be sent to the owners of the aircraft and not only the pilots who were sent noise correspondence.

Commissioner Guilfooy questioned the formation departures correspondence and if the Tower was informed. Mr. Gray responded it was his understanding that the controller involved was not aware of the formation departures prohibition. Commissioner Guilfooy inquired if military jets come in on the weekend and request a formation departure would that be granted. Mr. Gray responded there are no formation takeoffs permitted and military jets take off in shifts.

## **OPERATIONS UPDATE**

### **Item 11 – Information**

Review of Airport Operations for October 2003.

Mr. Chris Read provided the Commission with a review of Airport Operations for the month of October 2003.

Commissioner Mack inquired what size fuel spill do they look at. Mr. Read responded that typically what they will see is spills of about 10-20 gallons that spread out to 10-20 feet. He added they had a major spill the previous month that involved some environmental cleanup that will be charged to those responsible for the spill.

## **MEETING SCHEDULE**

### **Item 12 – Action**

Review/Modify Meeting Schedules 2003/2004.

There were no changes/modifications to the meeting schedules.

## **PUBLIC COMMENT**

There were no public comments.

## **DIRECTOR'S REPORT**

Mr. Gray gave the Commission an update on general aviation airport security. He added that he and Mr. Read participated in a teleconference listening to the members of the Aviation Security Advisory Committee that was established by the TSA and took place last Tuesday. Mr. Gray stated their recommendations were released today and he provided copies to the Commission for their review, adding they will be sent to the TSA who will ultimately be responsible for creating either advisories or rules for general aviation. Mr. Gray reviewed the recommendations and their categories, noting there was a recommendation for transient pilots to have a sign-in/sign-out procedure for those operators. Mr. Gray added that many of the recommendations are already in place at Scottsdale Airport.

## **ITEMS FROM THE COMMISSION**

Commissioner Mack questioned if there was anything they could do to caution those going into Ironwood or Union Hills for the DC Ranch Development of the proximity to the Airport. Mr. Mascaro stated they are starting Phase Two of the signage project and he has had conversation with the DC Ranch people and they are going to place signs at designate locations advising of the Airport's proximity.

Commissioner Mack inquired if they are considering doing anything special for the 100<sup>th</sup> anniversary of aviation. Mr. Gray responded there was some discussion and it was an issue with the new FBO that was going to do something for Toys for Tots and the holiday season, but he has not heard back from them if they have decided to do anything. Mr. Gray stated he would follow up with them and let the Commission know if anything is planned. Mr. Gray added the City is not planning to do anything specific. He added staff is interested in having some type of open house that could also be used as an educational forum.

Commissioner Guilfoxy inquired when the new Fire Station would open. Mr. Read responded it should open in March or April of next year.

## **ADJOURNMENT**

Commissioner Mack made a motion to adjourn. Commissioner Mack seconded the motion and the meeting was adjourned at 7:30 p.m.



Respectfully submitted,

Diana Maggiola  
Administrative Secretary

**COMMISSION INFORMATION REPORT****TO: Airport Advisory Commission****FROM: Airport Staff****SUBJECT/PROJECT NAME:** Airport / Airpark  
Aeronautical Business Permit Additions, Cancellations,  
and Revocations.**Agenda Item No.:** \_\_\_\_**Meeting Date:** 01/14/04**Staff Contact:** Matt Johnson**Phone:** (480) 312-8475**INFORMATIONAL**

Review of Airport and Airpark Aeronautical Business Permit Additions, Cancellations, and Revocations.

**PURPOSE**

Per the request of the Airport Advisory Commission, a report will be provided on a monthly basis indicating additions, cancellations, and revocations of Airport and Airpark Aeronautical Business Permits.

**KEY CONSIDERATIONS**

- Attached is a current monthly tenant list of permittees.
- List will provide what type of aeronautical activity the business is conducting at the Airport/Airpark and contact information.
- Any additions, cancellations, and revocations will be highlighted on the tenant list.
  - Green indicates a new permittee
  - Yellow indicates a cancellation
  - Red indicates a revocation

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Scott T. Gray, C.M., C.A.E.  
Aviation Director

Attachment: (1) List of Current Airport/Airpark and Mobile Permittees

**Airport / Airpark and Mobile Permittees  
January 2004**

<b>BUSINESS NAME</b>	<b>ACTIVITY</b>	<b>LOCATED</b>	<b>PHONE</b>	<b>FAX</b>
ACCELERATED FLIGHT TRNG CTR	FLIGHT TRAINING	CJAC	480-483-9242	480-483-9241
AEROCARE	AIRCRAFT WASHING	MOBILE	480-513-4350	480-513-1012
AERO JET SERVICES	AIRCRAFT CHARTER/MGMT.	AIRPARK	480-922-7441	480-922-8297
AIR AMBULANCE / BC FLT MGMT.	AIR AMBULANCE	ACC	480-348-0003	480-348-0245
AIR COMMERCE CENTER	OFFICE/HANGAR RENTAL	ACC	480-483-1985	480-483-1726
AIRPARK PARTNERS LLC	HANGAR/SHADE LEASING	AIRPARK	480-585-7234	480-443-1726
AIR SERVICES INTERNATIONAL	HELICOPTER MTC. AND REPAIR	AIRPARK	480-948-2150	480-443-4987
AJ'S FINE FOODS	IN-FLIGHT CATERING	MOBILE	480-563-5070	490-949-2835
ALAMO/NATIONAL CAR RENTAL	CAR RENTALS	TERM	480-948-4884	480-948-7444
ARINC	AIRCRAFT MTC. AND REPAIR	SAC	719-550-8880	719-550-8883
ARIZONA FLIGHT WORKS	A/C LEASING/FLIGHT TRAINING	ACC	480-948-8017	480-948-9466
ATS TOTAL AIRCRAFT SERVICE	AIRCRAFT WASHING	MOBILE	602-672-8229	602-956-4545
AVIATION DREAM WORKS INC	A/C SALES & MANAGEMENT	AIRPARK	480-998-4571	480-998-4572
AVIATION SALES INTERNATIONAL	AIRCRAFT SALES	AIRPARK	480-502-3004	480-502-9356
AVIS RENT A CAR SYSTEMS INC.	CAR RENTALS	AIRPARK	480-948-4993	602-273-3215
B & R INVESTMENTS	HANGAR/SHADE LEASING	ACC	480-483-1985	480-483-1726
BALSON INVESTMENTS	HANGAR/SHADE LEASING	AIRPARK	480-922-9945	480-922-0839
BARRON THOMAS	AIRCRAFT SALES	CJAC	480-951-6207	480-951-6229
BASHA'S INC./AJ'S FINE FOODS	IN FLIGHT CATERING	MOBILE	480-990-2484	480-949-2835
BATES FAMILY TRUST	HANGAR/SHADE LEASING	AIRPARK	480-443-8287	480-443-8385
BCO, LLC	HANGAR/SHADE LEASING	AIRPARK	480-922-0490	480-922-0839
BERNSTEIN, LEWIS, L.L.C.	FLIGHT TRAINING	ABC	602-617-3556	N/A
BIG SKY, LLC	HANGAR/SHADE LEASING	AIRPARK	480-609-4300	480-609-4344
BLUE FIG, THE	RESTAURANT	TERM	480-948-8585	480-905-3664
BONESTEEL, JUNE	FLIGHT TRAINING	CJAC	480-951-6249	480-569-1296
BRAINWASH LLC	HANGAR/SHADE LEASING	AIRPARK	480-609-1109	480-609-1159
BRO, KENT & BETSY	HANGAR/SHADE LEASING	AIRPARK	480-948-8955	480-948-8645
BUDGET RENT A CAR	CAR RENTALS	AIRPARK	602-683-9244	602-267-9504
BUSINESS AIRCRAFT MGMT	A/C SALES, MGMT, CHARTER	AIRPORT	480-905-8659	480-905-9365
CANYON COUNTRY AVIATION	AIRCRAFT SALES & MGMT.	AIRPARK	480-948-2052	480-948-2062
CHALPIN FAMILY ENTERPRISES	HANGAR/SHADE LEASING	AIRPARK	480-951-9000	480-951-0991
COCKPIT RESOURCE MGMT.	FLIGHT TRAINING	ACC	480-948-8017	480-948-9466
CORPORATE JETS	FIXED BASE OPERATOR (FBO)	CJ	480-948-2400	480-948-3874
CORPORATE JETS AVIATION	OFFICE/HANGAR RENTAL	CJAC	480-948-2400	480-948-3874
CREATIVE AIR, L.L.C.	HANGAR/SHADE LEASING	AIRPARK	480-483-1985	480-483-1726
DALLAS AIRMOTIVE	A/C TURBINE ENGINE REPAIR	AIRPARK	480-905-8788	480-905-8786
DAVIS CUSTOM DETAILING	AIRCRAFT WASHING	MOBILE	602-569-0272	NONE
DESERT PEAK AVIATION	A/C LEASING MOBILE MTC.	MOBILE	602-954-9264	602-954-9264
DUNCAN AVIONICS	AVIONICS REPAIR	SFBO	480-922-3575	480-951-9234
E&J AVIATION	AIRCRAFT MAINTENANCE	MOBILE	602-270-5250	602-840-5598
EAGLE PRODUCE LTD.	HANGAR/SHADE LEASING	AIRPARK	480-998-1444	480-951-1392
ELSE EMOFF LIVING TRUST	HANGAR/SHADE LEASING	AIRPARK	480-991-7272	480-483-7674
ENTERPRISE RENT-A-CAR	CAR RENTAL	AIRPARK	480-315-8051	480-315-1938
EXECUTIVE AIRCRAFT MTC.	A/C MAINTENANCE	SFBO	480-991-0900	480-991-3067
EXECUTIVE FLIGHT SERVICES	A/C SALES	ACC	480-922-8681	480-951-4868
EXTREME HOLDINGS, INC.	A/C MANAGEMENT	AIRPARK	480-922-8681	480-951-4868
FAA CONTROL TOWER	CONTROL TOWER	TOWER	602-640-2600	N/A
FLIGHTWORKS MAINTENANCE	A/C MAINTENANCE & REPAIR	ACC	480-348-0223	480-348-0226
FOUNDERS CORPORATE CTR.	HANGAR/SHADE LEASING	AIRPARK	480-922-0460	480-483-8409
GEMINI AIR GROUP	AIRCRAFT MANAGEMENT SVCS	AIRPARK	480-991-5387	480-991-3373
GRAND CANYON AIRLINES	SCENIC CHARTER TOURS	TERM	480-443-1927	480-443-1947

GRAYSTAR CORPRATION	HANGAR/SHADE LEASING	AIRPARK	480-483-1985	480-483-1726
GREENWAY HANGARS/SHADES	HANGAR/SHADE RENTAL	AIRPORT	480-990-1156	480-990-1156
HERTZ RENT-A-CAR	CAR RENTALS	TERM	480-609-6657	480-609-4318
JASON'S DELI	IN FLIGHT CATERING	MOBILE	480-443-3811	480-443-9718
JET PROS, L.L.C.	CHARTER/BROKERAGE	MOBILE	480-444-2452	480-575-9920
JETS ONLY	AIRCRAFT MANAGEMENT SVCS	AIRPARK	602-549-4549	480-659-6051
JMC AVIATION	AIRCRAFT SALES	AIRPARK	480-315-0829	480-315-0863
JOC, INC.	HANGAR/SHADE LEASING	AIRPARK	574-232-8213	574-232-8223
L & B MANAGEMENT	HANGAR/SHADE LEASING SVCS	AIRPARK	480-483-1985	480-483-1726
LAUCHNER, J.B.	AIRCRAFT SALES	AIRPARK	480-348-0715	480-348-0713
MOBILE INN ASSOCIATES, LP.	HANGAR/SHADE LEASING	AIRPARK	480-483-1985	480-483-1726
NELSON, ROBERT	HANGAR/SHADE LEASING	AIRPARK	480-991-1085	480-991-2393
PACIFIC MARINE MANAGEMENT	HANGAR/SHADE LEASING	AIRPARK	360-653-4266	360-659-4216
PACIFIC REALTY HOLDINGS LTD.	HANGAR/SHADE LEASING	AIRPARK	480-951-1212	480-951-3027
PAMPERED PALATE, THE	CATERING	MOBILE	480-949-9004	480-949-9004
PAR DEVELOPMENT, LLC	HANGAR/SHADE LEASING	AIRPARK	480-483-1985	480-483-1726
PAULSEN HANGAR, LLC	HANGAR/SHADE LEASING SVCS	AIRPARK	480-991-5336	480-991-5537
PINNACLE AIR GROUP	AIRCRAFT MGMT & CHARTER	ACC	480-998-8989	480-998-7993
PINNACLE AVIATION	AIRCRAFT SALES	ACC	480-998-8989	480-998-7993
PLO PROPERTIES, LLC	HANGAR/SHADE LEASING	AIRPARK	480-948-3789	480-948-3610
PLUS 5 SPORT AERO	FLIGHT TRAINING	SFBO	602-971-3991	NONE
PRAGMATIC AVIATION	HANGAR/SHADE LEASING	AIRPARK	480-515-1411	480-563-8959
QUANTUM HELICOPTERS	HELICOPTER TRAINING	AIRPARK	480-814-8118	480-814-8737
REMINGTON'S CATERING	CATERING	MOBILE	480-951-5149	480-951-5152
RUSSELL, ROBERT R. (RUSSCOR)	HANGAR/SHADE LEASING	AIRPARK	480-951-0055	480-951-2211
SABENA AIRLINE TRAINING	FLIGHT TRAINING	ACC	480-948-4515	480-443-8861
SALSMAN, CARL	AIRCRAFT SALES	ABC	480-951-6270	480-951-6272
SAWYER AVIATION TRAINING	A/C RENTAL & FLIGHT TRAINING	SFBO	480-922-5221	480-922-5341
SAWYER CHARTER SERVICE	SALES & CHARTER	TERM	480-922-2723	480-922-5653
SCOTTSDALE AEROSUPPLY	PILOT SHOP	ABC	480-948-8994	480-951-7594
SCOTTSDALE AIRCENTER	FIXED BASE OPERATOR (FBO)	SAC	480-951-2525	480-951-2595
SCOTTSDALE AIRPARK FUND II	HANGAR/SHADE LEASING	AIRPARK	480-609-3936	480-596-1951
SCOTTSDALE FBO	FIXED BASE OPERATOR (FBO)	SFBO	480-443-7205	480-948-3874
SCOTTSDALE FLYERS	AIRCRAFT CHARTER MGMT.	ACC	480-922-8681	480-951-4868
SCOTTSDALE HANGAR ONE	HANGAR/SHADE LEASING	AIRPARK	480-797-1522	480-659-6051
SCOTTSDALE HELICOPTERS INC	FLIGHT TRAINING	AIRPARK	480-951-6282	480-951-6287
SIMCON TRAINING CENTER	SPECIALIZED FLIGHT TRAINING	AIRPARK	480-905-3040	480-951-2709
SKY PEAK LLC	HANGAR/SHADE LEASING	AIRPARK	480-483-8107	480-483-8172
SMITH AIRCRAFT SERVICES, INC.	AIRCRAFT MAINTENANCE	MOBILE	602-885-6020	N/A
SOMETHING SPECIAL CATERING	CATERING	MOBILE	480-595-8512	480-575-9218
SONORAN CHARTERS LLC	AIRCRAFT CHARTER	AIRPARK	480-443-7242	480-443-7227
SOUTHWEST FLIGHT CENTER	TRAINING/RENTALS, MAINT/REP	ABC/APK	480-991-2880	480-991-2968
SOUTHWEST JET AVIATION	A/C SALES, CHARTER, MGMT.	AIRPARK	480-991-7076	480-991-8511
SOUTHWEST JET CORP. CENTER	HANGAR/SHADE LEASING	AIRPARK	480-991-7076	480-991-8511
SWIFT AVIATION SERVICES	MTC/REPAIR, AVIONICS	MOBILE	602-273-3770	602-244-2076
TELESPECTRA, LLC	HANGAR/SHADE LEASING	AIRPARK	602-274-5718	602-882-8192
THUNDERBIRD PROPERTIES	HANGAR/SHADE LEASING	AIRPARK	480-998-7476	480-998-9390
TURBO NATIONAL	AIRCRAFT SALES	SAC	480-948-1993	480-991-2363
UNIVERSAL HELICOPTERS INC.	TRAINING, LEASING/PHOTO	CJAC	480-951-6283	480-951-6285
US AVIONICS	AVIONIC SALES/REPAIR	AIRPARK	480-948-2620	480-948-0334
US CUSTOMS	FEDERAL CUSTOMS OFFICE	ABC	480-312-8483	480-312-8485
VERMILLION CATERING	CATERING	MOBILE	602-571-7359	480-314-4699
VERIDIAN AVIATION	AIRCRAFT MANAGEMENT	ABC	480-922-1333	480-922-1326

WALLACE HOLDINGS, LLC	HANGAR/SHADE LEASING	AIRPARK	480-998-8861	480-998-0388
WARREN, JAMES	HANGAR/SHADE LEASING	AIRPARK	650-529-9591	650-529-9592
WEST COAST WASH STATION	AIRCRAFT WASHING	MOBILE	480-951-6282	NONE
WESTCOR AVIATION	CHARTER/HELO MAINTENANCE/ HANGAR/SHADE LEASING	AIRPARK	480-991-6558	480-991-7827
WINDMILL INNS OF AMERICA	HANGAR/SHADE LEASING	AIRPARK	480-443-0909	480-443-7635
15230 N. 75 <sup>TH</sup> STREET	HANGAR/SHADE LEASING	AIRPARK	602-955-3500	602-955-2828

ABC = Aviation Business Center, 15041 N. Airport Drive, Scottsdale, AZ 85260  
 ACC = Air Commerce Center, 14605 N. Airport Drive, Scottsdale, AZ 85260  
 AIRPARK = Various approved Airpark business locations  
 CJ = Corporate Jets, Inc., 14600 N. Airport Drive, Scottsdale, AZ 85260  
 CJAC = Corporate Jets Aviation Center, 14700 N. Airport Drive, Scottsdale, AZ 85260  
 SAC = Scottsdale Air Center, 15290 N. 78<sup>th</sup> Way, Scottsdale, AZ 85260  
 SFBO = Scottsdale FBO, 15115 N. Airport Drive, Scottsdale, AZ 85260  
 TERM = Scottsdale Airport Terminal, 15000 N. Airport Drive, Scottsdale, AZ 85260  
 TOWER = FAA Air Traffic Control Tower, 14960 N. 78<sup>th</sup> Way, Scottsdale, AZ 85260

**COMMISSION ACTION REPORT****TO:** Airport Advisory Commission**FROM:** Airport Staff**SUBJECT/PROJECT NAME:** Election of Airport  
Advisory Commission Chairman and Vice Chairman.**Agenda Item No.:** \_\_\_\_**Meeting Date:** 01/14/04**Staff Contact:** Scott Gray, C.M.**Phone:** (480) 312-7735**ACTION**

Pursuant to Bylaws of the Scottsdale Airport Advisory Commission, Section 101. Elections, *"The Commission shall, in regular session following the first day of January of every year, elect from its members a Chairman and Vice Chairman. The term of office shall be one year and no officer shall succeed him or herself more than once."*

**PURPOSE**

To elect a new Chairman and Vice Chairman in accordance with the Bylaws of the Scottsdale Airport Advisory Commission.

**KEY CONSIDERATIONS**

- Section 102, Chairman, of the Bylaws of the Scottsdale Airport Advisory Commission states, *"The Chairman shall preside at all meetings and hearings of the Commission, decide all points of order or procedure and perform all duties required by Section 5-109 of the Scottsdale Revised Code. The Chairman may not initiate motions or engage in protracted discussions, but shall vote on each issue."*
- Section 103, Vice Chairman, of the Bylaws of the Scottsdale Airport Advisory Commission states, *"The Vice Chairman shall be the Acting Chairman and shall perform all duties of the office whenever the Chairman is absent."*

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Scott T. Gray, C.M., C.A.E.  
Aviation Director

Action  
Taken



**COMMISSION INFORMATION REPORT**

**TO:** Airport Advisory Commission

**FROM:** Airport Staff

**SUBJECT/PROJECT NAME:** Review Bylaws of the  
Scottsdale Airport Advisory Commission for Possible  
Amendments.

**Agenda Item No.:** \_\_\_\_

**Meeting Date:** 01/14/04

**Staff Contact::** Scott Gray, C.M.

**Phone:** (480) 312-7735

**INFORMATIONAL**

Review Bylaws of the Scottsdale Airport Advisory Commission for possible amendments.

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Scott T. Gray, C.M., C.A.E.  
Aviation Director

Attachments: (1) Bylaws of the Scottsdale Airport Advisory Commission

## **BY-LAWS OF THE SCOTTSDALE AIRPORT ADVISORY COMMISSION**

### **I. ORGANIZATION**

#### **101. Elections**

The Commission shall, in regular session following the first day of January of every year, elect from its members a Chairman and Vice-Chairman. The term of office shall be one year and no officer shall succeed him or herself more than once.

#### **102. Chairman**

The Chairman shall preside at all meetings and hearings of the Commission, decide all points of order or procedure and perform all duties required by Section 5-109 of the Scottsdale Revised Code. The Chairman may not initiate motions or engage in protracted discussions, but shall vote on each issue.

#### **103. Vice-Chairman**

The Vice-Chairman shall be the Acting Chairman and shall perform all duties of the office whenever the Chairman is absent.

#### **104. Vacancy**

Should the office of Chairman be vacated, the Vice-Chairman shall succeed the Chairman for the remaining term of office. At the next regular Commission meeting, a new election shall be held for the Vice-Chairman's office. Should the Vice-Chairman office be vacated, a new election shall be held at the next regular Commission meeting to elect a Vice-Chairman.

#### **105. Committees**

The Commission may appoint such subcommittees of its members, as it feels necessary on any subject pertinent to the matters being heard by and of natural concern to the Commission. The Commission may appoint one of its members to serve as chairman of each subcommittee. These subcommittees shall be empowered to meet with Airport Administration, the City Council, and any other such official body or others as necessary to satisfy their respective purposes, and shall make such reports to the Commission as may be requested by a majority vote of the members of the Commission.



106. Legal Counsel

The City Attorney, or the City Attorney's designated representative, shall be the legal counsel for the Commission. Advice of counsel shall be received and entered in the minutes before disposition of any question of law or matter requiring legal interpretation or advice.

**II. MEETINGS**

201. Study Sessions

Study sessions of the Commission shall be held on the second Wednesday of each month at 6:00 p.m., unless otherwise scheduled by majority vote of its members.

202. Regular Meetings

Regular meetings of the Commission shall be held on the second Wednesday of each month immediately following the study session, unless otherwise scheduled by majority vote of its members. In the event the Commission desires not to hold the preceding study session, the regular meeting shall begin at 6:00 p.m., unless otherwise scheduled by majority vote of its members.

203. Special Meetings

Special meetings may be held by the Commission on the majority vote of its members, or on the call of its Chairman, which call shall be filed with the Airport Director. The manner of the call shall be noted in the minutes of the special meeting, and at least twenty-four (24) hours notice of the meeting shall be given to each member. The Airport Director shall receive forty-eight (48) hours notice and shall post meeting notices at least twenty-four (24) hours before any such meeting.

204. Executive Session

Executive sessions may be held before or after any regular or special meeting, or at any other time on call of the Chairman, which shall be filed with the Airport Director, or by majority vote of the members. The Airport Director shall post meeting notices at least twenty-four (24) hours before any such meeting.

205. Quorum

A quorum necessary for the transaction of business shall consist of four (4) members of the Commission. The business of the Commission shall be transacted by the majority vote of members present, except as provided in Section 401.

206. Absence of the Chairman and Vice-Chairman

In the absence of the Chairman and Vice-Chairman, the senior Commission member present may convene the meeting.

207. Member Attendance

If any member of the Commission shall be absent from three (3) consecutive or four (4) of six (6) consecutively scheduled meetings, without good cause and prior notice to the Chairman or Vice-Chairman, that Commission member's office shall be automatically vacated. The Commission Chairman shall notify the Mayor of the vacancy so that a new appointment can be made expeditiously.

208. Permit Applicant

The applicant, or an authorized agent or agents, in any case being heard before the Commission shall be present in person unless the Airport Director or Chairman has been notified of the absence, in writing, prior to the public meeting. If the applicant or the authorized agent or agents shall not present such notice and shall not appear before the Commission as scheduled, the application scheduled for hearing may be continued. If the applicant or authorized agent or agents fails to appear as scheduled three (3) times, such failure may be deemed sufficient cause for recommendation of denial.

209. Public Comment, Presentations, Time Limitations

The Commission, by majority vote of its members, may limit members of the public, whether speaking on their own behalf or as a representative of an organization or group, to a three (3) minute presentation on any matter.

210. Agenda Items

The Airport Director will place items on the agenda with the concurrence of the Chairman, or by a majority vote of the members of the Commission.

211. Conflict of Interest

All members of the Commission shall comply with the State Conflict of Interest Law, Title 38, Chapter 3, Article 8, Arizona Revised Statutes.

212. Abstention

Any member who may subjectively believe participating in discussion or voting on cases coming before the Commission could give the appearance to the general public of a conflict of interest may voluntarily abstain from participating in such cases.

### **III. OFFICIAL RECORDS**

#### **301. Definition**

The official record shall include these by-laws, and the minutes of the Commission meetings, together with all applications, exhibits, correspondence, findings, decisions and other official actions or other items filed with or issued by the Commission.

#### **302. Recording of Vote**

Minutes shall be kept for all meetings of the Commission and shall show the vote of each member on every question on which the Commission is required to act, or shall indicate absence or failure to vote. Minutes shall also show records of all other official actions.

#### **303. Retention of Files**

All applications and other matters coming before the Commission shall be filed in the Airport Administration Office in accordance with that department's general file system. The Airport Director shall keep a permanent file of all applications, exhibits, findings, correspondence, findings, decisions and other official actions of the Commission. The tape recordings of the public hearings of the Commission, if any, shall be retained intact for not less than thirty (30) days after the City Council shall make a final decision in the specific subject on the tape. Original applications shall be retained as long as is required by standard City procedure.

#### **304. Public Record**

In accordance with Arizona public record law, all of the public records of the Commission shall be open to public inspection during normal business hours.

### **IV. RULES AND AMENDMENTS**

#### **401. Amendment Procedure**

Amendments to these by-laws may be made by the Commission upon the affirmative vote of four (4) members, provided any such amendment is proposed at a preceding meeting, or is submitted in writing at a prior regular meeting of the Commission and is noted in the minutes of such meeting. Amendments adopted as above shall become effective at the next regular meeting of the Commission.

402. Copy of By-Laws

A certified copy of these by-laws and any amendments thereto shall be placed on record in the Airport Administration Office and the City Clerk within ten (10) days of the date of their adoption.

403. Robert's Rules of Order

When any question of parliamentary procedure arises, it shall be decided on the basis of Robert's Rules of Parliamentary Procedure, unless otherwise specified in these by-laws of the Commission.

404. Written Communications

All written communications to outside groups shall be sent out over the signature of the Chairman or Vice-Chairman of the Commission.

405. Interpretation and Conflict

In the event that any Commission by-law shall be at variance with any State statute or any ordinance or resolution of the City of Scottsdale, the statute, ordinance, or resolution shall prevail. These by-laws are intended only to supplement such ordinance and resolutions and may not amend, annul or abrogate any ordinance or resolution of the City of Scottsdale.

\_\_\_\_\_  
Thomas Cavanagh  
Airport Advisory Commission

\_\_\_\_\_  
Date

\_\_\_\_\_  
Scott T. Gray  
Aviation Director

\_\_\_\_\_  
Date

APPROVED AS TO FORM:

\_\_\_\_\_  
David A. Pennartz  
City Attorney

\_\_\_\_\_  
Date

**COMMISSION ACTION REPORT****TO: Airport Advisory Commission****FROM: Airport Staff****SUBJECT/PROJECT NAME:** Recommend to the City Council to AUTHORIZE agreement No. 2003-184-COS lease agreement between the City of Scottsdale and Carl Salsman Aviation, Inc for commercial office space in the Aviation Business Center.**Agenda Item No.:** \_\_\_\_**Meeting Date:** 1/14/04**Staff Contact:** Gary Mascaro, C.M.**Phone:** (480) 312-7612**ACTION**

Airport Advisory Commission considers recommending that the City Council:

AUTHORIZE Lease Agreement #2003-184-COS for Carl Salsman Aviation, Inc. (CSA).

**PURPOSE**

The approval of this lease agreement will allow CSA to continue to occupy the commercial office space (Suite 100) in the Aviation Business Center, which they currently occupy via a one (1) year revocable license agreement dated November 1, 2003.

**KEY CONSIDERATIONS**

- CSA has an Aeronautical Business Permit and provides aircraft sales services.
- The premises is seven-hundred and forty seven (747) square feet.
- The lease terms are three (3) years with two (2) one-year options for a total of five (5) years.
- CSA has been conducting business at Scottsdale Airport for approximately four (4) years.
- The base rent is anticipated to generate \$12,699 in annual revenue to the Airport Enterprise Fund and an estimated \$300 in annual revenue from their aeronautical business permit fees.

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Scott T. Gray, C.M. C.A.E.  
Aviation Director

Attachment: (1) Lease Agreement No. 2003-184-COS

Action  
Taken

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Agreement") is made and entered into this \_\_\_\_ day \_\_\_\_\_, 2003, by and between the City of Scottsdale, an Arizona municipal corporation, and Carl Salsman Aviation, Inc., an Arizona corporation.

WITNESSETH

A. Lessor is the owner of certain real property (the "Premises") located within the existing office building (the "Office Building") at Scottsdale Airport. The Office Building is located at 15041 N. Airport Drive and is labeled "Aviation Business Center" on the sketch attached hereto as Exhibit "A".

B. Lessor desires to lease to Lessee the Premises for an office for commercial aeronautical activity at the Airport (the "Permitted Uses") subject to the requirements of this Agreement. Commercial aeronautical business activity must comprise the clear majority of activity conducted at the Premises.

NOW, THEREFORE, for and in consideration of the foregoing, the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises.

- 2.1 Limitations. The Premises includes and is limited to the following:

2.1.1 Approximately seven hundred forty-seven (747) square feet of floor area known as suite 100 located inside and toward the North end of the Office Building consisting of office space. The Premises are limited to the areas depicted as office 100 in the drawing attached hereto as Exhibit "B."

2.2 Condition of Premises. Lessee has examined, studied and inspected the Premises and all other property provided under this Agreement and its environs and they are being leased in an "as is" condition without any express or implied warranties of any kind, including without limitation any warranties or representations as to their condition or fitness for any use. Lessee has obtained such information and professional advice as Lessee has determined to be necessary related to this Agreement or this transaction.

2.3 Fixtures and Personalty Included. The Premises includes no fixtures or personal property owned by Lessor upon or within the Premises. Any personal property hereafter provided shall be "as is" and Lessee accepts all responsibility for its condition and shall thoroughly inspect the same before use. Any and all of Lessor's property as may come into the possession of Lessee

or used by Lessee, shall be returned to Lessor at termination of this Agreement and shall be maintained in good working condition by Lessee from time to time at Lessee's expense and replaced by Lessee at Lessee's expense when worn out and shall be owned at all times by Lessor with Lessee being solely responsible for the condition thereof. Without Lessor's prior written consent, Lessee shall not remove, damage or alter in any way any improvements or fixtures upon the Premises or any personal property of Lessor.

2.4 Title. Lessee's rights hereunder are subject to all covenants, restrictions, easements, agreements, liens, reservations and encumbrances upon, and all other recorded or unrecorded conditions of title to, the Premises. Lessee's rights hereunder are further subject to all present and future building restrictions, regulations, zoning laws, ordinances, resolutions, and orders of all bodies, bureaus, commissions and bodies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction over the Premises or Lessee's use thereof.

2.5 Title to Adjacent Property. Lessee's rights are expressly limited to the real property defined as the "Premises" in this Agreement. Without limitation, in the event any public right-of-way or other public or private property adjacent to the Premises is dedicated, abandoned or otherwise acquired or disposed of by Lessor, such property shall not accrue to this Agreement but shall be Lessor's only. In addition, and severable from the preceding sentence, upon any such event, Lessee shall quit-claim to Lessor such right-of-way or other property.

### III. TERM OF LEASE

3. Term of Lease. Lessor hereby leases the Premises to Lessee subject to the following provisions and conditioned upon Lessee's full, timely, complete and faithful performance of all performances and things to be performed or done hereunder by Lessee and Lessee hereby accepts the Premises and this Agreement.

3.1 Term. The term of this Agreement shall be for a period of three (3) years commencing on the date of this Agreement unless sooner terminated as hereinafter set forth.

3.2 Extension. In the event of Lessee's continuously full, complete and timely performance of this Agreement throughout the initial term set forth above and any extension, this Agreement may be extended at Lessee's option for two (2) additional one (1) year periods for a total of five (5) years. In order to exercise its option to extend, Lessee must give to Lessor written notice of Lessee's intent to extend no later than three (3) months and no earlier than six (6) months prior to expiration of the initial term (or, in the case of the second or subsequent extension, the prior extension). In the event of extension, Lessee shall obtain from Lessor and record a notice of extension in form acceptable to Lessor. No extension shall be effective without Lessor's consent, which Lessor may withhold in Lessor's absolute discretion.

3.3 Holding Over. In any circumstance whereby Lessee would hold over and remain in possession of the Premises after the expiration of this Agreement, such holding over shall not be deemed to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon thirty (30) days notice to Lessee or by Lessee upon sixty (60) days notice to Lessor.

#### IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable one month in advance on the twentieth day of the preceding month. For example, the Rent for September shall be payable on or before August 20th. The first installment of Rent prorated for the portion of the month remaining in the month in which this Agreement is executed is due immediately upon execution of this Agreement.

4.2 Base Rent. The rental amount (the "Base Rent") Lessee shall pay to Lessor during each calendar month of this Agreement shall be One Thousand, Fifty-Eight and 25/100 Dollars (\$1,058.25).

4.3 Base Rent Adjustment. In the event this Agreement is extended beyond the original three (3) year term, the Base Rent shall be automatically adjusted upward on each annual anniversary of this Agreement on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall the Base Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion. In the event of a holdover, Base Rent shall be increased by an additional twenty-five percent (25%) over the amount of Base Rent otherwise payable.

4.4 Aeronautical Business Permit. In addition to all other Rent payment hereunder, if Lessee does not from time to time hold a Aeronautical Business Permit covering all activities relating to the Premises, Rent shall include an additional amount equal to the amount that would be payable pursuant to such a Aeronautical Business Permit regardless of whether a Aeronautical Business Permit is required by law. The preceding sentence applies to any type of permit or other rule or requirement that may supplement or replace the Aeronautical Business Permit.

4.5 Security Deposit. At the time of execution of this Agreement Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement, in the sum of Five Hundred Dollars (\$500). Any funds or property of Lessee held by or available to Lessor under or related to this Agreement shall also stand as a security deposit guaranteeing Lessee's faithful performance of this Agreement. Any portion of said security deposit to which Lessee may then be entitled, net of any



setoff or other obligation of Lessee or Lessor, shall be paid to Lessee by the then owner of the fee title to the Premises within sixty (60) days after termination of this Agreement.

4.6 Utilities. Lessee shall contract for and pay all charges, fees, deposits and other amounts for telephone services at the rates applicable thereto. Lessor shall provide to the Premises air conditioning, heating, and electricity through existing lines or equivalent. Lessee shall pay One Hundred Forty-Two Dollars (\$142) per month to Lessor for air conditioning, heating and electrical service to the Premises. Lessor shall have the right to adjust said amount upward each July 1 during the entire term of this Agreement in the event of increases in the cost of utilities. Said amount includes a portion of the cost of utilities related to the common areas of the Office Building. Lessee shall do nothing that would materially increase the amount of shared utilities consumed at the Premises or common areas. No other utilities are available.

4.7 Late Fees. Should any installment of Rent not be paid on or before the date due, a 10% late fee shall be added to the amount due, or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of 1% per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represent reasonable estimates of Lessor's costs in the event of a delay in payment of Rent.

4.8 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.9 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

4.10 Payments and Performances by Lessor. Notwithstanding anything in this Agreement to the contrary, in the event Lessor at any time is required to pay to Lessee any amount or render any performance, such amount or performance is not due until thirty (30) days after notice by Lessee to Lessor that the amount has become payable or that the performance is to be rendered.

## V. USE RESTRICTIONS

5. Use Restrictions. Lessee's use and occupation of the Premises shall in all respects conform to all and each of the following cumulative provisions:

5.1 Permitted Uses. Lessee shall use the Premises solely for the Permitted Uses. No other activity shall be conducted at or from the Premises. No food or beverage sales, food or beverage preparation or handling of any sort, scheduled aircraft service, or non-aviation related business shall occur at or from the Premises.

5.2 Hours of Operation. Lessee shall keep the Premises open for service to the public from at least 8:00 a.m. to 5:00 p.m. daily (Saturday, Sunday and other legal holidays excepted) except that Lessee shall have the right to close the Premises not more than fifteen (15) days in any thirty (30) day period.

5.3 No Exclusive Uses. This Agreement does not give Lessee any exclusive right to conduct air charter or any other type of business at the Office Building or the airport.

5.4 Fixtures and Personal Property. Lessee shall provide to the Premises all equipment and other items necessary for the Premises to be conveniently used for the Permitted Uses.

5.5 Lessee's Agent. Lessee shall at all times during normal business hours retain on call available to Lessor upon the Premises an active, qualified, competent and experienced manager to supervise all activities upon the Premises and who shall be authorized to represent and act for Lessee in matters pertaining to all emergencies and the day-to-day operation of the Premises. During any temporary periods of absence by said manager, an assistant manager or designated representative of Lessee with like authorization must be present upon the Premises. Lessee shall also provide notice to Lessor of the name, address and regular and after hours telephone number of a person to handle Lessee's affairs and emergencies at the Premise.

5.6 Standards of Service. In entering into this Agreement, Lessor and Lessee have foremost in mind providing public access to enjoyable aviation services of the highest quality. Without limitation, Lessee shall operate the Premises in a first-class manner; shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary and in an inviting condition at all times, all to the satisfaction of Lessor. Lessee shall not employ any person or persons in or about the Premises who shall fail to be clean, courteous, efficient and neat in appearance or who shall use improper, obnoxious or rude language or act in a loud or boisterous or otherwise improper manner. No nudity or adult entertainment of any sort is permitted.

5.7 Common Areas. Subject to current and future regulations and policies governing the use of, and access to, the Office Building and the airport, Lessee, its officers, employees, agents, patrons and invitees, and its suppliers of services and furnishers of materials shall have the right of ingress to and egress from the Premises through such portions of the Office Building as are open to the public from time to time. Such right is strictly limited to ingress and egress. There shall be absolutely no office activity or storage, however temporary, in the halls, steps, porches or other areas of or surrounding the Office Building or the airport. Lessee shall immediately clean up any spills or debris caused by Lessee or its suppliers or customers. Lessor may from time to time make available to Lessee and/or other users a conference room for use by reservation subject to conflicting uses by Lessor and others and subject to Lessee's payment of a fee established by Lessor.

5.8 Parking. Parking shall be subject to current and future regulations and limitations governing parking at the Office Building and the airport. There shall be no guaranteed number of parking places available to the Premises. There shall be no reserved parking places for the Premises. Lessee's patrons and invitees shall have the right to park motor vehicles in such parking spaces as may be designated at the airport from time to time as public parking areas. Lessee's employees shall park in areas designated by Lessor from time to time. Vehicles making deliveries to the Premises shall park only in areas specifically designated by Lessor at the airport from time to time as delivery areas.

5.9 Airport Operations. Lessee acknowledges that Lessee's use of the Premises shall be subject and subordinate to Lessor's operation of the airport, which will necessarily directly and indirectly affect Lessee and the Premises. Lessee's use of the Premises shall not be permitted by

Lessee to in any way adversely affect Lessor's use or operation of the airport. Cumulatively and without limitation:

5.9.1 Lessor reserves the right to further develop, diminish, close, remove or otherwise change the landing area and other areas of the airport as Lessor sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.

5.9.2 Lessor reserves the right, but shall not be obligated to Lessee to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of Lessee in this regard.

5.9.3 There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise, vibrations or other affects relating to the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the airport.

5.9.4 Lessee by accepting this Agreement agrees for itself, its successors and assigns that it will not make use of the Premises in any manner that might interfere with the taxiing, landing and taking off of aircraft from the airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

5.10 Signs. Lessee shall have the right to install and operate not more than two (2) appropriate signs at the Office Building to identify Lessee's business provided that all of the following conditions are met:

5.10.1 The location, size, content and style of each such sign shall be subject to the provisions of the applicable sign ordinance and shall be in keeping with the airport sign program as the same may change from time to time and with the overall aesthetics and utility of the airport facilities and grounds, as determined by Lessor, and shall be designed, made and installed in a professional manner; and

5.10.2 Regardless of signage existing from time to time, Lessor shall have the absolute right from time to time and without compensation to Lessee or any other person to require Lessee to conform to a new Airport sign program and to limit or reduce the amount of signage for the Premises to one (1) single-faced, exterior sign facing the roadway west of the Office Building and one single-faced interior sign on the door of the Premises in the hall of the Office Building adjacent to the Premises, as directed by Lessor. At Lessor's election, Lessee shall cause said exterior sign to be combined with other signage at the Office Building. Without Lessor's consent, such exterior sign shall not exceed two square feet in gross sign area. Without Lessor's consent, said interior sign shall not exceed two square feet in gross sign area.

5.10.3 No sign shall be erected, installed or displayed until Lessee has submitted written request, together with descriptions and drawings showing the intended locations, size, style and colors of such signs, to the airport director, and has received prior written approval from Lessor; and

5.10.4 Lessee shall bear all costs pertaining to the erection, installation and operations, maintenance and removal of all signs including, but not limited to, the application for



and obtaining of any required building permits regardless of the reason for any such activity, even if such activity is required by Lessor pursuant to this Agreement.

5.11 Hazardous Materials. Lessee shall not produce, dispose, transport, treat, use or store any hazardous waste or toxic substance upon or about the Premises subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. Sec. 49-901, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq., or the Toxic Substances Control Act, 15 U.S.C. 2601, et seq., or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances. Lessee shall not use the Premises in a manner inconsistent with regulations issued by the Arizona Department of Health Services, or in a manner that would require a permit or approval from the Arizona Department of Health Services or any other governmental agency. Lessee shall pay, indemnify, defend and hold Lessor harmless against any loss or liability incurred by reason of any hazardous waste or materials or toxic substance on or affecting the Premises occurring after the date of this Agreement, and shall immediately notify Lessor of any hazardous waste or materials or toxic substance at any time discovered or existing upon the Premises.

## VI. IMPROVEMENTS AND MAINTENANCE

6. Improvements and Maintenance. Except as expressly hereinafter provided, Lessee shall have all responsibilities for improvements to and maintenance of the Premises during the term of this Agreement.

6.1 Improvements by Lessor. Lessor has not promised to and is not obligated in any manner to make any improvements to the Premises, the Office Building or the airport.

6.2 General Provisions for Lessee's Improvements. The following provisions shall govern all improvements and other construction work of any description by Lessee whether or not specifically described herein (collectively "Lessee's Improvements") upon or related to the Premises:

6.2.1 All Lessee's Improvements shall be designed and made at Lessee's sole cost and expense.

6.2.2 Lessee's Improvements shall include all leasehold improvements, furnishings, furniture, equipment, draperies, carpeting, fixtures, paint, wall treatments, communications cabling, decorations and other construction work of any description as described in all plans heretofore or hereafter delivered by Lessee to Lessor. All such plans and construction are subject to inspection and final approval by Lessor as to colors, fabrics, materials, site plan, etc., as well as general design and function, and appearance.

6.2.3 All of Lessee's Improvements shall be of high quality, safe, fire resistant, modern in design, attractive in appearance, all as approved by Lessor.

6.2.4 Lessee shall diligently and expeditiously pursue the installation of all approved Lessee's Improvements and shall complete installation of all of Lessee's Improvements no later than three (3) months after the date of plans approval.

6.2.5 Lessee shall make no Lessee's Improvements or other alterations, modifications or additions to the Premises without having first received the written consent of Lessor which Lessor may withhold in Lessor's sole and absolute discretion. Any approved alterations, modifications or additions shall be accomplished by Lessee at its sole cost and

expense. Any changes to utility facilities shall be strictly limited to the Premises and shall be undertaken by Lessee at its sole cost and expense, and only with the written permission of Lessor.

6.2.6 In addition to the security deposit and any other payment or performance required under this Agreement, Lessee shall within two weeks following Lessor's approval of any Lessee's Improvements and prior to any construction work by Lessee at the Premises provide to Lessor a performance bond or unconditional and irrevocable letter of credit in form acceptable to Lessor and payable to Lessor alone, in an amount equal to the full contract amounts payable directly or indirectly to all persons for the construction work, to insure timely completion of all work and for the complete protection of Lessor and the Premises from the claims of any person supplying labor or materials or performing any construction, alteration or repair work at the Premises or any services in connection therewith. Lessee shall timely pay for all such labor, materials, work and all professional and other services related thereto and shall pay, indemnify, defend and hold harmless Lessor against all such claims. Without limitation, the performance and payment bonds to be posted with Lessor shall be in form and substance acceptable to Lessor, and issued by a person acceptable to Lessor and shall also at a minimum meet the requirements of A.R.S. Sec. 34-222 and A.R.S. Sec. 34-223, and other applicable laws. All bonds shall be accompanied by or shall include a statement by the issuer to Lessor to the effect that the bond is intended by the issuer to provide to Lessor at a minimum the protection described herein. Lessee shall deliver directly to Lessor's legal department (together with a copy to Lessor as provided for notices under this Agreement) a full and complete draft form of bond at least twenty-one (21) days prior to the date the actual bond is required. All requirements of this paragraph apply to letters of credit and any other form of assurance provided pursuant to this paragraph. In lieu of any bond required, Lessee may provide a clean, unconditional, irrevocable letter of credit in the bond amount issued by a federally insured financial institution with offices in Maricopa County, Arizona. The letter of credit must be payable to Lessor upon demand and must also meet all other requirements of this paragraph. The letter of credit must have an expiration date at least sixty (60) days after the time provided herein for completion of the construction. Any replacement letter of credit must be delivered to Lessor at least thirty (30) days before expiration of the letter of credit being replaced.

6.2.7 All Lessee's Improvements shall be contained entirely within the Premises and without any encroachment or dependence upon any other property.

6.2.8 Any and all construction work performed on the Premises by Lessee shall be performed in a workman-like manner as reasonably determined by Lessor and shall be diligently pursued to completion and in conformance with all building codes and similar rules. All Lessee's Improvements shall be and become part of the realty and the real property of Lessor "brick by brick" as constructed. In any event, the Premises must be left in as good or better condition as it may be on the date of this Agreement, or such better condition as the Premises may hereafter be placed.

6.2.9 All work shall be done strictly at Lessee's expense and paid for by Lessee. In no event, including without limitation termination of this Agreement for any reason, shall Lessor be obligated to compensate Lessee in any manner for any of Lessee's Improvements or other work provided by Lessee during or related to this Agreement.

6.2.10 Lessee acknowledges that as of the date of this Agreement, Lessor has not approved or promised to approve any plans for Lessee's Improvements.

6.3 Maintenance by Lessor. Lessor shall perform at Lessor's expense indoor janitorial service for the common areas of the Office Building and exterior landscaping and sweeping of parking areas. Lessee shall pay to Lessor an amount reasonably determined by Lessor to be the costs of the foregoing incurred because of unpermitted or improper actions of Lessee or its agents, customers, or other guests. Lessor shall also be responsible to maintain the structural integrity of the Premises, exterior windows, exterior doors, roof, exterior walls, sewers, air conditioning, heating and plumbing within or serving the Premises.

6.4 Maintenance by Lessee. Lessee shall at all times repair and maintain the Premises at Lessee's sole expense in a first-class, sound, clean and attractive manner, as determined in Lessor's reasonable discretion. Without limitation, Lessee shall be responsible for the following:

6.4.1 Janitor and all other cleaning service in the Premises.

6.4.2 Cleanup of any spills or other debris or damage to the Premises or to nearby areas of the airport caused by Lessee or its agents and customers or others claiming under Lessee including, without limitation, spills, debris and damage caused by vehicles and aircraft.

6.4.3 Adequate and sanitary handling and disposal, away from the Premises and the airport, of all trash, garbage and other refuse related to Lessee's use of the Premises. Without limitation, Lessee shall provide and use suitable covered receptacles for all trash and other refuse related to Lessee's use of the Premises. Piling of boxes, cartons, barrels or other items outside the Premises or in a manner visible from outside the Premises or in a manner visible to areas open to the public is prohibited. The area in which trash containers are stored shall be kept clean and free of all trash and debris and shall be shielded from public view. Unless requested by Lessor from time to time, Lessee may use large metal dumpsters Lessor may provide. Lessee acknowledges that the dumpster currently located near the Office Building will likely be relocated from time to time to other locations in the general vicinity of the Office Building.

6.4.4 All other repairs and maintenance of the Premises not specifically required hereunder to be performed by Lessor.

## VII. BREACH BY LESSEE

7. Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

7.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

7.1.1 If Lessee shall be in arrears in the payment of Rent and shall not cure such arrearage within ten (10) days after Lessor has notified Lessee in writing of such arrearage.

7.1.2 If any assignment of any of Lessee's property shall be made for the benefit of creditors.

7.1.3 If Lessee shall fail to observe and comply with all bidding requirements of Lessor with respect to this Agreement and with all performances promised by Lessee with respect to Lessee's bid submitted in connection therewith. Any representations, warranties, promises or

performances made by Lessee in connection with said bid are in addition to the other requirements of this Agreement and are incorporated as requirements of this Agreement.

7.1.4 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to any third person.

7.1.5 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body or timely pay any taxes with respect to this Agreement, the Premises or Lessee's use of the Premises.

7.1.6 If Lessee shall fail to or neglect to do or perform or observe any other provisions contained herein on its part to be kept or performed and such failure or neglect to do or perform or observe any of such other provisions shall continue for a period of thirty (30) days after Lessor has notified Lessee in writing of Lessee's default hereunder.

7.1.7 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein.

7.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

7.2.1 Lessor's right to terminate this Agreement for nonpayment of Rent or for any other Event of Default is hereby specifically provided for and agreed to.

7.2.2 Without demand or notice, enter into and upon the Premises or any part thereof, and repossess the same of its former estate, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

7.2.3 Claim and enforce a lien upon Lessee's property at the Premises securing all of Lessee's obligations hereunder.

7.2.4 Cause a receiver to be appointed for the Premises and for the continuing operation of Lessee's business thereon.

7.2.5 Pay or perform, for Lessee's account and at Lessee's expense, any or all payments or performances required hereunder to be paid or performed by Lessee.

7.2.6 Abate at Lessee's expense any violation of this Agreement.

7.2.7 Pursue at Lessee's expense any and all other remedies, legal or equitable, to which Lessor may be entitled.

7.2.8 Refuse without any liability to Lessee therefor to perform any obligation imposed on Lessor by this Agreement.

7.2.9 Be excused from further performance under this Agreement.



7.2.10 Insist upon Lessee's full and faithful performance under this Agreement and upon Lessee's full and timely payment of all Rent during the entire remaining term of this Agreement.

7.2.11 Assert or exercise any other right or remedy permitted by law.

7.3 Indemnity. In addition to all other indemnities and other obligations of Lessee, Lessee agrees to hold Lessor harmless from, to defend Lessor against, and to indemnify Lessor from all fines, claims, damages, obligations, liabilities and suits of every description, including attorneys' fees and court costs including loss of use, arising from any act or omission on the part of Lessee, its employees, sub-contractors, or agents, in the use of the Premises caused in whole or in part by any act, mistake, error or omission of the Lessor or anyone for whose acts, mistakes, errors or omissions Lessor may be liable, regardless of whether it is caused in whole or in part by a party indemnified hereunder, including the Lessor, or the prosecution of any operations, or portion thereof, under this Agreement or from any failure to fully, faithfully and timely comply with any and all of Lessee's obligations hereunder.

7.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent Lessor from declaring a default for any succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or paragraph) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS PARAGRAPH.

7.5 Reimbursement of Remedies Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

7.6 Inspection. Lessor shall have access to the Premises at all times and upon reasonable notice (except, in the event of an emergency without notice) for the purpose of examining, inspecting, evaluating, planning, repairing, designing, maintaining or showing the Premises or exercising Lessor's other rights hereunder. Lessee shall promptly undertake appropriate action to rectify any deficiency (identified by Lessor during such inspections or otherwise) in Lessee's compliance with this Agreement. Lessee shall at all times and without request provide to Lessor a set of keys to buildings, rooms or other enclosures used by Lessee.



## VIII. TERMINATION

### 8. Rights at Termination.

8.1 Delivery of Possession. Lessee shall, at the expiration of the term hereof or upon any sooner termination thereof, without demand, peaceably and quietly quit and deliver up the Premises to Lessor thoroughly cleaned, and in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same now are or in such better condition as the Premises may hereafter be placed by Lessee or Lessor.

8.2 Confirmation of Termination. Upon expiration or termination of this Agreement for any reason, Lessee shall provide to Lessor upon demand quit claim deeds covering the Premises executed by Lessee and by all persons claiming through this Agreement or Lessee any interest in the Premises.

## IX. INSURANCE

9. Insurance. Lessee shall insure the Premises and Lessor's surrounding property as follows:

9.1 Insurance Required. Prior to occupying or using the Premises in any way and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

9.1.1 Commercial General Liability. Commercial general liability insurance with a minimum limit of \$1,000,000 for each occurrence, \$2,000,000 annual aggregate products and completed operations and a \$2,000,000 general aggregate limit per policy year. The policy shall include coverage for bodily injury, broad form property damage, personal injury, premises liability, blanket contractual, and products and completed operations coverage. Without limitation, the policy will cover Lessee's liability under the indemnity provisions of this Agreement. The protection under the policy shall at a minimum meet or exceed Insurance Service Office, Inc. form CG00011093, and additional insured Form B, CG 20101185, or any replacements thereof.

9.1.2 Automobile Liability. Commercial business automobile liability insurance with a combined single limit for bodily injury and property damage of \$1,000,000 for each occurrence covering any and all owned, hired, and non-owned vehicles assigned to or used in any way in connection with Lessee's use of the Premises. Coverage must be at least as broad as coverage code 1, "any auto", Insurance Service Office, Inc. policy form CA 00011293 or any replacements thereof. Without limitation, such insurance shall cover hazards of motor vehicle use for loading and off loading.

9.1.3 Workers' Compensation. Such workers' compensation and similar insurance as is required by law and employer's liability insurance with a minimum limit of \$100,000 for each accident, \$100,000 disease for each employee, \$500,000 policy limit for disease. All contractors and subcontractors must provide like insurance.

9.1.4 All Risk Property. Unless waived by Lessor in writing, all risk property insurance in an amount equal to full replacement cost of the Premises and all personal property used in connection therewith.

9.1.5 Contractor's Protective. With respect to any construction involving the Premises, owner's and contractor's protective insurance covering the interests of contractors,

Lessor and Lessee, with a minimum limit of \$1,000,000 for each occurrence and a \$2,000,000 general aggregate limit per policy year.

9.1.6 Other Insurance. Any other insurance Lessor may reasonably determine from time to time to be necessary to protect Lessor, the Premises, Lessor's surrounding property, Lessee, or the activities carried on the Premises.

9.2 Coordination with Insurance Required by Ordinance. To the extent applicable City of Scottsdale ordinances require Lessee to provide insurance coverage required by this agreement, Lessee shall provide the coverage amounts specified by the ordinances, and not the amounts specified by this Agreement. To the extent applicable ordinances of the City of Scottsdale do not require Lessee to provide insurance coverage required by this agreement at any time, Lessee shall provide the coverage amounts specified in this Agreement.

9.3 Form of Insurance. All insurance policies (other than workers' compensation) shall contain a waiver of any transfer rights of recovery (subrogation) against Lessor or its agents, officers or employees. All policies shall contain provisions that neither Lessee's breach of a policy requirement or warranty, nor failure to follow claims reporting procedures, shall affect coverage provided to Lessor. No deductible shall be applicable to coverage provided to Lessor. All policies except workers' compensation must name Lessor and its agents, officials and employees as additional insureds. All policies must provide Lessor with thirty (30) days notice of any cancellation or other change in coverage. All policies shall require notices be given to Lessor as specified for other notices to Lessor under this Agreement. Any "claims made" coverage shall have an extended reporting period for a minimum of two (2) years after notice to Lessor that the policy has expired.

9.4 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor certificates of insurance. Certificates must be provided within thirty (30) days after the date of this Agreement and at least thirty (30) days prior to any change in insurance coverage. Certificates must evidence that the policy referenced by the certificate satisfies each requirement of this Agreement applicable to the policy. For example, certificates must indicate that Lessor and its agents, officials and employees are additional insureds. Certificates must be in a form acceptable to Lessor. All certificates are in addition to the actual policies and endorsements required.

9.5 Lessor's Election to Provide Insurance. With respect to any insurance required hereunder, Lessor may elect to acquire all or any part of such insurance covering the Premises and Lessee shall pay to Lessor the costs of such insurance as reasonably determined by Lessor. Lessee shall provide all insurance not so provided by Lessor.

9.6 Insurance Proceeds. All insurance proceeds shall be paid to Lessor for Lessor's use in compensating Lessor for the loss of the Premises, protecting Lessor, the Premises and Lessor's property from every other loss or exposure suffered by Lessor, rebuilding the Premises, and satisfying and securing Lessee's obligations hereunder. Any remaining proceeds shall be allocated between Lessor and Lessee as their interests may appear.

9.7 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified unlicensed) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++ 6.

9.8 Primary Insurance. Lessee's insurance shall be primary insurance. Any insurance or self insurance maintained by Lessor shall not contribute to Lessee's insurance.

9.9 Indemnity. In addition to all other obligations hereunder, to the full extent permitted by law, throughout the term of this Agreement and until all obligations under this Agreement are satisfied, Lessee shall pay, indemnify, defend and hold harmless Lessor from and against any and all claims of personal injury, bodily injury, property damage including, without limitation, loss of use, or other claims, liability, harm or damages which may arise out of any use of the Premises or Lessor's property related to this Agreement, including without limitation, claims, liability, harm or damages caused in whole or in part by a party indemnified hereunder.

9.10 Risk of Loss. Lessor is not required to carry any insurance covering or affecting the Premises or Lessor's property. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or Lessor's property throughout the term hereof. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement.

## X. CONDEMNATION

10. Condemnation. If any part of the Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, and in the event that such taking or condemnation shall render the Premises unsuitable for use as an office, then the term of this Agreement shall cease and terminate as of the date of the condemnor taking possession in such proceeding and Lessee shall have no claim for the value of any unexpired term of this Agreement. In the event of a partial taking or condemnation which is not extensive enough to render the Premises unsuitable for use as an office, Lessor shall elect to either terminate this Agreement or restore the Premises to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking and this Agreement shall continue in full force and effect, and the Base Rent shall be reduced in proportion to the interior floor space of the Premises so taken. In the event of any taking or condemnation, Lessee shall not be entitled to any part of the award or other payment, as damages or otherwise. Lessor is entitled to receive the full amount of the award or other payment and Lessee hereby assigns to Lessor any right thereto.

## XI. DAMAGE TO OR DESTRUCTION OF PREMISES

11. Damage to or Destruction of Premises. If the Premises are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but not rendered untenable, and provided that such damage is not caused by the act or omission of Lessee or its officers, employees, representatives, agents or customers, any such damage shall be repaired with due diligence by Lessor at its own cost and expense, and there shall be no reduction of Rent. If such damage shall be so extensive as to render the Premises untenable, but capable of being repaired in ninety (90) days, the same shall be repaired with due diligence by Lessor at its own cost and expense, and the Rent payable herein shall be proportionately paid up to the time of such damage and thereafter abate as to the untenable portion of the Premises until such time as the Premises are restored. In the event the Premises are completely destroyed by fire, explosion, the elements, the public enemy or other casualty; or so damaged that they will remain untenable for more than ninety (90) days, Lessor shall be under no obligation to repair or reconstruct the Premises, and Rent payable hereunder shall be proportionately paid up to the time of such damage or destruction,



and shall thenceforth abate until such time as the Premises may be fully restored. If within twelve (12) months after the time of such damage or destruction said Premises shall not have been repaired or reconstructed, Lessee may give Lessor written notice of its intention to cancel this Agreement in its entirety as of the date of such damage or destruction.

## XII. LESSEE'S RECORDS

12. Lessee's Records. Lessee will maintain in a secure and fixed place at the Premise or within Maricopa County, Arizona proper and accurate books, records, ledgers, correspondence, and other papers and repositories of information, relating in any manner to this Agreement and to all of Lessee's obligations hereunder.

12.1 Supplemental Information. Lessee will also furnish, from time to time, such additional financial and other information as Lessor may reasonably request.

12.2 Right of Inspection. So long as the same shall be pertinent to this Agreement or any transactions contemplated herein and, in any event, for a period extending at least seven years after termination of this Agreement, Lessee will at its expense permit and assist Lessor and its representatives at all reasonable times to inspect, audit and copy Lessee's records pertaining to this Agreement. Such inspection shall be limited to matters pertinent to Lessor's and Lessee's rights and obligations under this Agreement as reasonably determined by Lessor.

12.3 Costs of Audit. If an audit inspection or examination discloses underpayments (or other adjustments in favor of Lessor) of any nature in excess of three percent (3%) of any payments or single payment, Lessor's actual cost (based on the amount paid by Lessor, or based on reasonable charges charged by private auditors and other service providers for comparable work if the audit is performed by Lessor's employees) of the audit, inspection or examination, together with late fees, interest, and other amount payable in connection with such adjustments or payments, shall be reimbursed to Lessor by Lessee. Any adjustments and/or payments, which must be made as a result of any such audit, inspection or examination (whether or not performed in-house by Lessor), shall be made within a reasonable amount of time (not to exceed 30 days) from presentation of Lessor's findings to Lessee.

12.4 Applicable to Sublessees. The foregoing provisions regarding financial records shall be included, and whether or not actually included shall be deemed included, in favor of Lessor in each sublease of any portion of the Premises.

## XIII. COMPLIANCE WITH LAW

13. Compliance with Law. Lessee shall conduct only lawful operations at the Premises and at the airport in accordance with all Federal, State, County and City laws, ordinances, regulations or other rules as are now in effect or as may hereafter be adopted or amended. Lessee acknowledges that this Agreement does not constitute, and Lessor has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance or favoritism to Lessee with regard to), any law, ordinance, power, regulation, tax, assessment or other legal requirement now or hereafter imposed by the City of Scottsdale or any other governmental body upon or affecting Lessee, the Premises, the airport or Lessee's use of the Premises. Lessee acknowledges that all of Lessee's obligations hereunder are in addition to, and cumulative upon (and not to any extent in substitution or satisfaction of), all existing or future laws and regulations applicable to Lessee. In the case of an ordinance or other law of the City of Scottsdale authorizing

a credit, reduction in tax or amount assessed, or any other benefit as a result of performances rendered under this Agreement, Lessee expressly repudiates all such benefits with respect to performances rendered under this Agreement. Lessee further agrees that this Agreement is not intended to diminish any performances to the City of Scottsdale that would be required of Lessee by law if this Agreement had been made between Lessee and a private citizen. Lessor has not relinquished any right of condemnation or eminent domain over the Premises. This Agreement is not intended in any way to impair the City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers, affecting in any way Lessee or the Premises. Lessee promises to comply with all applicable laws and Lessor's rights and remedies hereunder for breach of such promise supplement and are in addition to and do not replace all otherwise existing powers of the City of Scottsdale or any other governmental body. Without limiting in any way the generality of the foregoing, Lessee shall comply with all and each of the following:

13.1 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable, but not later than fifteen (15) days prior to the delinquency date thereof, all taxes and general and special fees, charges and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Premises, the operations conducted therein, any Rents paid or other performances under this Agreement by either party, and all possessory interest in the Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee; and Lessee agrees to indemnify, defend and hold harmless Lessor and the Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses which may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessee shall pay to Lessor any rental occupancy tax that may be payable under A.R.S. Sec. 42-1701, et seq. or A.R.S. Sec. 42-1901, et seq. or similar laws. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

13.2 Building permits. Lessee shall obtain at its own expense all building or other permits in connection with all construction performed by Lessee and shall comply with all zoning, building safety, fire and similar laws and procedures of every description.

13.3 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the airport, and the Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith. Such rules and regulations shall be consistent with the safety, security, and public utility of the airport and with the rules, regulations and orders of the State of Arizona, and the Federal Aviation Administration or such other successor agency as may hereafter be designated by the State or Federal Government with respect to aircraft and airport operations.

13.4 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statutes or orders of the FAA and any other governmental authority, whether Federal, State, County, or Lessor, lawfully exercising authority over the airport.

13.5 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify, defend and hold harmless Lessor against, any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorney's fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or

carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or penalties for any breach of security arising from the unauthorized entry of any of the aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the airport.

13.6 Discrimination. No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon.

13.7 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the concession areas generally and the Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith. Such rules and regulations shall be consistent with the safety, security, and public utility of the Airport and with the rules, regulations and orders of the State of Arizona, and the Federal Aviation Administration or such other successor agency as may hereafter be designated by the State or Federal Government with respect to aircraft and Airport operations.

13.8 Government Property Lease Excise Tax. Lessee shall be responsible for any and all property taxes and all government property lease excise taxes described in A.R.S. § 42-6201 et seq. or similar laws in force from time to time. Pursuant to A.R.S. § 42-6206, failure by Lessee to pay the taxes after notice and an opportunity to cure is an event of default that could result in divesting Lessee of any interest in or right of occupancy of the Premises.

13.9 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future grant assurances or other agreements between the Lessor and the United States, relative to the development, operation or maintenance of the airport.

13.10 Construction Regulations. Lessee shall comply with the notification and review requirements covered on Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

13.11 War or National Emergency. This Agreement shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the airport or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency.

13.12 Affirmative Action. Lessee assures that it will undertake an affirmative action program if and as required by 14 CFR, Part 152, subpart E, or other applicable law to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, subpart E. To the extent required by law, Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessor that they similarly will undertake affirmative action programs and that they will require



assurances from their suborganizations, as and if required by 14 CFR, Part 152, subpart E or other applicable law.

#### XIV. ASSIGNABILITY

14. Assignability. This Agreement is not assignable by Lessee except in strict compliance with the following:

14.1 Assignments and Subleases Prohibited. References in this Agreement to assignments or subleases shall be deemed to apply to all transactions described in this paragraph. Lessee shall not assign, transfer, pledge, lien or sublet the leased Premises or suffer any of the same to occur, or permit the Premises or any part thereof to be used, occupied, managed, controlled or operated by others, or permit any transfer of corporate stock or any other direct or indirect transfer of any substantial part of the ownership, management or control of Lessee without the prior written consent of Lessor which may be withheld in Lessor's sole and absolute discretion. This prohibition shall apply to any assignment or subletting by operation of law, assignment for the benefit of creditors, voluntary or involuntary, bankruptcy or reorganization, or otherwise. If any transaction or event occurs in violation of this provision, Lessor may, in its sole discretion and in addition to all other remedies provided hereunder to Lessor and in any combination, collect Rent from the assignee, sublessee or occupant and apply the net amount collected to the Rent required to be paid thereunder and/or void the assignment or sublease, all without prejudicing any other right hereunder. Lessee shall pay to Lessor the sum of Five Hundred Dollars (\$500) as a transfer fee for legal and administrative expenses related to any request for consent. No cure or grace periods shall apply to assignments prohibited by this Agreement or to enforcement of this Agreement against an assignee who did not receive Lessor's consent.

14.2 No Novation. No assignment, transfer, subletting, occupancy or collection shall be deemed a waiver of the prohibition on assignments or any other provision of this Agreement, or the acceptance of the assignee, sublessee or occupant as Lessee, or a release of Lessee from the further performance by Lessee of the provisions of this Agreement. The consent by Lessor to an assignment or subletting shall not relieve Lessee from obtaining the consent in writing of Lessor to any further assignment or sublease. Upon assigning, transferring or subletting the Premises, Lessee shall not be released of any liability hereunder but shall remain fully and personally obligated under this Agreement.

14.3 Enforceability after Assignment. This Agreement shall be enforceable personally and in total against Lessee and each successor, partial or total, and regardless of the method of succession, to Lessee's interest hereunder. Each successor having actual or constructive notice of this Agreement shall be deemed to have agreed to the preceding sentence.

14.4 Grounds for Refusal. No assignments of this Agreement are contemplated or bargained for. Lessor has the absolute right in its sole discretion to give or withhold consent to any assignment or to impose any conditions upon any assignment.

14.5 Form of Assignment and Sublease. Any permitted assignment or subletting shall be by agreement in form and content acceptable to Lessor. Without limitation, any sublease or assignment shall specify and require that each sublessee or assignee acquiring any interest under this Agreement by acceptance of any sublease, assignment or transfer shall assume and be bound by, and be obligated to perform the terms and conditions of this Agreement, and that in the event of default of Lessee under such assignment or sublease, Lessor at Lessor's sole option may succeed

to the position of Lessee as to any sublessee or assignee of Lessee without liability for any prior breaches or performances. Lessor and Lessee agree that Lessor shall receive and retain the full and complete rental payment of any sublessee or assignee, though such payments may be in excess of the original rental between Lessor and Lessee.

#### XV. MISCELLANEOUS

##### 15. Miscellaneous.

15.1 Notices. Notices hereunder shall be given in writing personally served upon the other party or mailed by registered or certified mail, return receipt requested, postage prepaid addressed to:

If to Lessor:                   Scottsdale Airport Director  
15000 N. Airport Dr., 2<sup>nd</sup> Floor  
Scottsdale, AZ 85260

Copies to:                   City of Scottsdale  
3939 Drinkwater Blvd.  
Scottsdale, AZ 85251  
Attn: City Attorney

If to Lessee:                   Carl Salsman Aviation  
15041 N. Airport Drive, Suite #100  
Scottsdale, AZ 85260  
ATTN: Carl Salsman

or to such other street address within Maricopa County, Arizona as may be designated by the respective parties in writing from time to time. Notices to Lessee may also be hand delivered to the Premises. In the event of any service by mail, as aforesaid, service shall be deemed to be complete forty-eight (48) hours after deposited in the United States mail.

15.2 Time of Essence. Time is of the essence of each and every provision of this Agreement.

15.3 Invalid Provisions. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of any such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained.

15.4 Paragraph Headings. The paragraph headings contained herein are for convenience in reference only and not intended to define or limit the scope of any provision of this Agreement.

15.5 Attorneys' Fees. In the event any action or suit or proceeding is brought by Lessor to collect the Rent due or to become due hereunder or any portion hereof or to take possession of the Premises or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any of Lessor's rights or remedies hereunder, Lessee agrees to pay Lessor all costs of such action or suit and all expenses of such



action or suit together with such sum as the Court may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

15.6 No Third Party Beneficiaries. No person or entity shall be a third party beneficiary to this Agreement.

15.7 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

15.8 Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation or representation regarding the Premises.

15.9 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to consummate, evidence, confirm or carry out the agreement contained herein.

15.10 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

15.11 Survival of Liability. All obligations of Lessee hereunder and all warranties and indemnities of Lessee hereunder shall survive termination of this Agreement for any reason.

15.12 Choice of Law. This Agreement shall be governed by the internal laws of the State of Arizona. Proper venue for any action regarding this Agreement shall be Maricopa County.

15.13 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the rights specified in A.R.S. Sec. 38-511.

EXECUTED as of the date first given above.

LESSEE: Carl Salsman Aviation, Inc., an Arizona corporation

  
By: Carl Salsman  
Its: President

LESSOR: CITY OF SCOTTSDALE,  
an Arizona municipal corporation

By: \_\_\_\_\_  
Mary Manross, Mayor

ATTEST:

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

C. Brad Woodford, City Attorney

Scott Gray, Aviation Director

Gary P. Mascaro  
Gary Mascaro, Assistant Aviation Director

Myron Kuklok, Risk Management Director

STATE OF ARIZONA )  
                                  ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of JANUARY,  
2004, Carl Salsman, President of Carl Salsman Aviation, Inc., an Arizona corporation.

Mary Lynn D'Aubin  
Notary Public

My Commission Expires:

07-26-2005



STATE OF ARIZONA )

) ss.

County of Maricopa

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2003, by \_\_\_\_\_, Mayor of the City of Scottsdale, an Arizona municipal corporation.

Notary Public

My Commission Expires:

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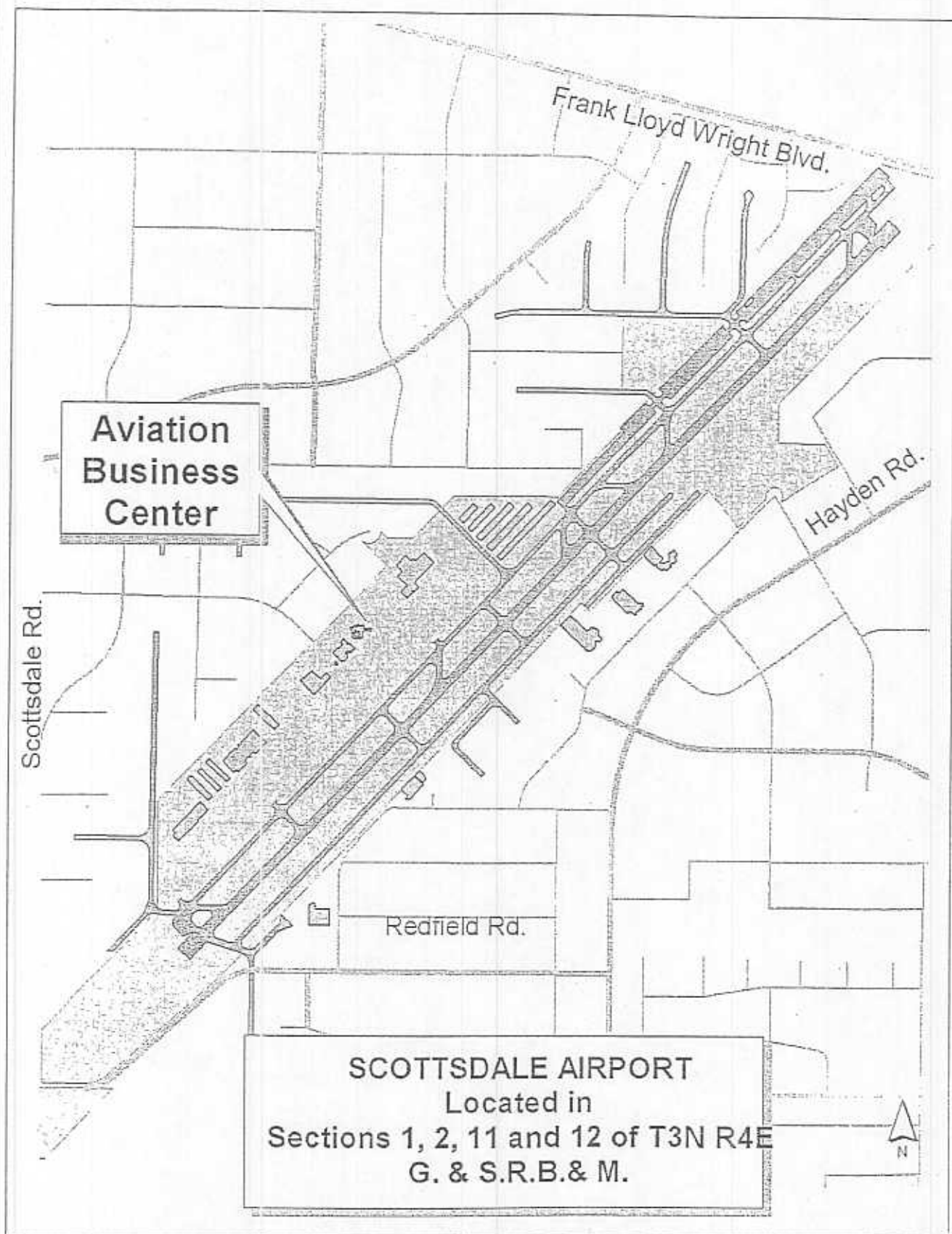


Exhibit "A"

AVIATION BUSINESS CENTER  
15041 NORTH AIRPORT DRIVE  
SCOTTSDALE ARIZONA

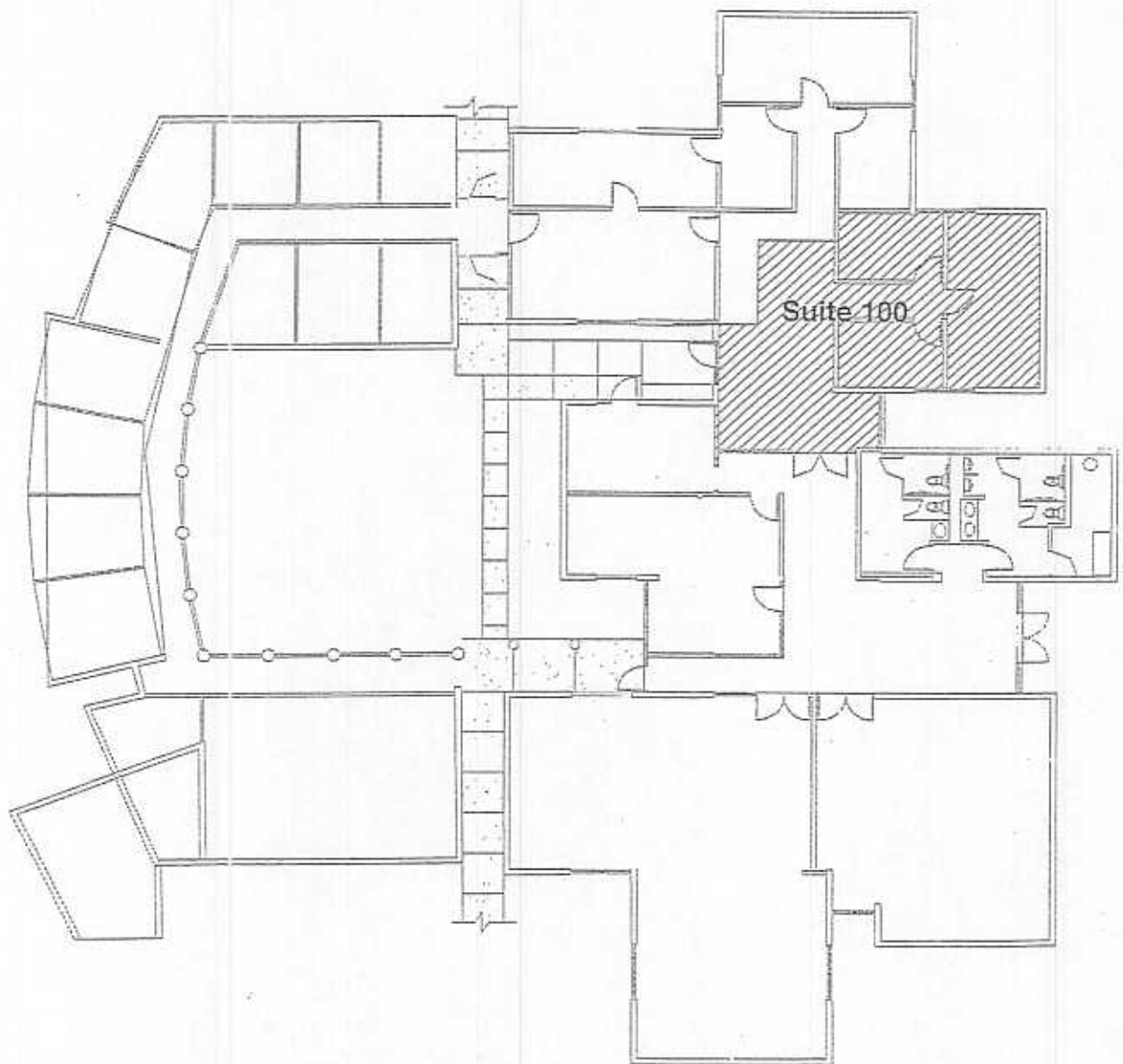


Exhibit B

**COMMISSION ACTION REPORT****TO: Airport Advisory Commission****FROM: Airport Staff****SUBJECT/PROJECT NAME:** Recommend to the City Council to AUTHORIZE agreement No. 2004-012-COS lease agreement between the City of Scottsdale and Arizona Scottsdale Network Airpark (AzSnap) for commercial office space in the Aviation Business Center.**Agenda Item No.:** \_\_\_\_**Meeting Date:** 1/14/04**Staff Contact:** Gary Mascaro, C.M.**Phone:** (480) 312-7612**ACTION**

Airport Advisory Commission considers recommending that the City Council:

AUTHORIZE Lease Agreement #2004-012-COS for Arizona Scottsdale Network Airpark (AzSnap).

**PURPOSE**

The approval of this lease agreement will allow AzSnap to continue to occupy the commercial office space (Suite 107/108) in the Aviation Business Center, which they currently occupy via a one (1) year revocable license agreement dated January 1, 2004.

**KEY CONSIDERATIONS**

- AzSnap is an organization dedicated to CEO's in and around Scottsdale Airpark.
- The premises is two-hundred and thirty-two (232) square feet.
- The lease terms are three (3) years with two (2) one-year options for a total of five (5) years.
- AzSnap has been established in the Scottsdale Airpark since September 2002.
- The base rent is anticipated to generate \$4,640 in annual revenue to the Airport Enterprise Fund.

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Scott T. Gray, C.M. C.A.E.  
Aviation Director

Attachment: (1) Lease Agreement No. 2004-012-COS

Action  
Taken

**Lease Agreement to be provided at the meeting**